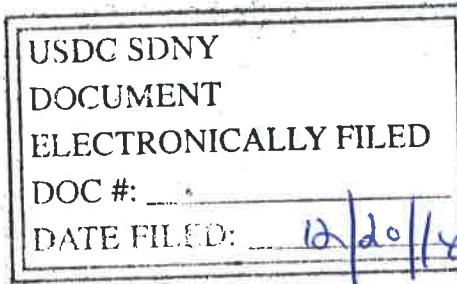


Michael J. Friedman
280 Madison Ave, Suite 1005
New York, NY 10016

Defendant Appearing Pro Se



**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

RYAN J. NEGRI and PHILIP NEGRI

Plaintiff,

vs.

MICHAEL J. FRIEDMAN, ARTHUR
FRIEDMAN and P.J. LOUIS

Defendants.

Docket No.: 14-cv-10233

Hon. Gregory H. Woods, U.S.D.J.

**DECLARATION OF MICHAEL J.
FRIEDMAN IN SUPPORT OF MOTION
FOR SUMMARY JUDGMENT**

MICHAEL J. FRIEDMAN, of full age, hereby declares under penalty of perjury as follows:

1. I am an entrepreneur and founding member of First Ascent, LLC, the entity involved in the purchase of Negri Electronics. I have been named (incorrectly) as a defendant in this action. I have full knowledge of the facts set forth below.
2. I make this Declaration in support of my motion for summary judgment on all remaining counts of the complaint and to have this action against me dismissed with prejudice.
3. In the Fall of 2013, my company, First Ascent, LLC, was looking for a company to acquire via seller financing and for P. J. Louis to be CEO and to operate such company.
4. At that time, I met Todd Sherman ("Sherman"), an investment banker in New York, New York who introduced me to Negri and discussed Negri's company Negri Electronics, Inc. (the "Company").

5. After the introduction and brief discussion, I, on behalf of First Ascent, had a more formal teleconference with Negri, Sherman and Paxton “P.J.” Louis (“Louis”) to discuss the potential sale of the Company.

6. During the teleconference, Negri provided First Ascent information about the history of the Company, the current financial state of the company, and the future prospects for the Company. Negri provided this information to First Ascent as a way to entice it to pursue the purchase of the Company.

7. Attached to this declaration as **Exhibit A** is a true and correct copy of the various emails sent by Negri related to the history of the company and financial state of the company.

8. Attached to this declaration as **Exhibit B** is a true and correct copy of the then-current financials of the Company provided by Negri in October 2013.

9. After the teleconference, on or about October 16, 2013, First Ascent and Negri entered into a Non-Disclosure Agreement (“NDA”) and Negri, through Sherman sent a “due diligence package” to me that included: business plans, tax returns, supplier information, lawsuit information, financials, bank account information for five separate accounts, an organizational chart, and other Company details.

10. Attached to this declaration as **Exhibit C** is a true and correct copy of the relevant pages of the “due diligence package” sent by Negri on October 16, 2013.

11. First Ascent reviewed the information provided by Negri and followed up with several telephone calls to discuss the information and additional information needed to assess the opportunity.

12. Over the course of the next few weeks, Negri sent multiple versions of the Company's financial statements and each time the net income was increased. Attached to this declaration as **Exhibit D** are various emails related to the constantly changing financial statements.

13. At the same time that First Ascent was performing due diligence on the Company, First Ascent was also discussing and preparing a potential business plan and corporate strategy for the Company should the sale actually take place. Attached to this declaration as **Exhibit E** is a copy of the business plan and our corporate strategy "first 90-day plan."

14. On December 17, 2013, Louis and I, on behalf of First Ascent, traveled to Nevada to meet with Negri, inspect the warehouse, meet the employees and warehouse staff, and conduct employee interviews.

15. After the in-person meeting in Nevada, Negri and First Ascent continued negotiating the terms of the agreement to purchase the Company and a separate consulting agreement that would require Negri to continue on as a consultant for the first year after the purchase closed.

16. The reason that First Ascent insisted Negri remain as a consultant was to ensure a smooth transition of the company and to continue to take advantage of Negri's work as a salesman, which had accounted for at least two-thirds of the company sales. First Ascent knew that it would take time to get the sales force in place after the sale closed and accordingly, Negri's obligation and promise to serve as a consultant was critical to the sale transaction.

17. In addition to the separate consulting agreement with Negri, the concept of my guaranteeing the purchase of the Company was also discussed, and a provision was actually put into the agreement referencing the guaranty.

18. Despite the discussions regarding the guaranty however, the parties never actually entered into a separate guaranty agreement and the purchase transaction of the Company went forward without a separate guaranty.

19. It was my understanding that the parties were abandoning any guaranty obligations from my end as the matter was not pursued.

20. During the negotiation process, First Ascent agreed that for the last month of operations, Negri could keep half of the cash that remained in the Company bank accounts. For example, if the Company accounts had \$500,000 in cash at the time of closing, Negri would be entitled to keep \$250,000.

21. This agreement was contingent upon Negri's good faith operation of the Company during the last months leading up to the close, including the obligation for Negri to continue paying Company bills and vendor invoices as they came due.

22. To my surprise, during the last months of operation prior to the sale, Negri boosted the amount of cash in the operating accounts by neglecting to pay numerous Company bills, including vendor and supplier bills.

23. In fact, by February of 2014, Friedman learned that Negri had failed to pay several vendors – including Titan Enterprises and Secure Enterprises – since at least October of 2013, with outstanding invoices totaling over \$109,000 – which was prior to the time that Negri began negotiations with First Ascent.

24. Attached to this declaration as **Exhibit F** is a true and correct copy of emails from Secure Enterprises explaining that they had not been paid for months.

25. This tactic by Negri increased the amount that Negri was to receive as part of the sale, but left the Company in a very precarious situation with vendors and suppliers owed significant funds.

26. Negri tried to move the negotiations forward as fast as possible and pushed for the closing to take place before December 30, 2013, in order to ensure that the closing could be attributed to the Company's 2013 fiscal year.

27. Negri also insisted that no money be transferred until January 2014 so that Negri could complete his move from California to Nevada in order to avoid paying California income taxes on the sale transaction.

28. This information did not seem relevant at the time, but later (in or around January/February 2014) made sense when the Company's accountant and bookkeeper informed Louis, the then CEO, that Negri had a history of routinely shredding tax documents from the State of California.

29. On December 24, 2013, the Agreement was signed. Attached to this declaration as **Exhibit G** is a true and correct copy of the Purchase Agreement for the Company.

30. On December 25, 2013, Negri and First Ascent were working on a press release to be sent to the staff, the vendors, and the general public to announce the sale of the Company. The press release was sent on December 31, 2013 by Negri. Attached to this declaration as **Exhibit H** is a copy of the press release announcing the acquisition of Negri Electronics.

31. In January 2014, Louis and I (now acting on behalf of Negri Electronics) proceeded to hire salesmen, contact vendors, and establish relationships. Internally, Louis and I, set up corporate policies and procedures, changed insurance, and performed other organizational tasks to try and ensure that the transfer of ownership was as smooth as possible.

32. It was at this time in January, that Louis and I learned for the first time that the Company was completely disorganized. Attached to this declaration as **Exhibit I** is an email regarding certain operations that weren't originally disclosed by Negri.

33. There were no internal controls or procedures for the employees and there were no policies or guidelines in place for the purchase and sale of products despite the fact that Negri had represented in his business plan that all of this was in place.

34. When queried on the policies and procedures, the typical response from Company employees was "ask Ryan [Negri]." This reaffirmed for me the importance of Negri remaining in place as a consultant and the separate consulting agreement was even more critical.

35. When queried on why there was a plethora of missing documentation and information, such as why there were 5 bank accounts, and why many personal expenses and other personal bills were paid, the typical answer from employees was, "Ryan would not tell us and handled that".

36. When the Company's own CPA was told by Louis that we wanted to perform an internal audit to try and understand how the books and records were kept and understand the details of the Company, the CPA then stopped speaking with Louis and would not provide Louis with any assistance or information. Attached to this declaration as **Exhibit J** is a copy of emails with the Company's CPA regarding a potential internal audit.

37. In January 2014, I also learned for the first time that the Company itself was way more starved for cash than Negri had lead on during the negotiation of the deal and it became clear that the financials provided by Negri were inaccurate.

38. The revenue in January was also way lower than anticipated and this coupled with the fact that Negri had failed to pay vendors and suppliers for over two months prior to the sale, stifled the Company's supply pipeline and allowance for credit with its vendors.

39. The Company began to look like a Ponzi scheme, in which Negri was generating new sales (and losing money on such sales) in order to pay for older bills and for his personal lifestyle (which included driving a brand new Tesla) and purchasing a \$1.5 Million dollar home.

40. Purchasing on credit is critical in this industry as often times the Company would purchase a large number of phones on credit and ultimately pay back the vendor through the sale of the phones.

41. Because of Negri's failure to pay vendors and suppliers, by the beginning of February, the Company's vendors started refusing to extend credit to the Company, which meant that in order to secure inventory, the Company would have to pay in cash and upfront, which was not possible given the Company's – Negri-caused – cash strapped position.

42. I still believed in my management and that although sales were dropping, with the line of credit that was being negotiated, this would provide key financial support to give the Company some credit from its vendors.

43. Because of Negri's refusal for over one month to sign and allow the Company to receive this necessary line of credit, and because of Negri's failure to pay vendors and suppliers and their refusal to extend credit because of Negri, the Company's sales and ability to deliver on its online sales stopped.

44. This put the Company in a downward spiral; which could have been avoided had Negri not intentionally held up the Company's receipt of the line of credit.

45. It was also clear that the key to essentially all of the Company's revenue was Negri himself and that despite claiming that he had a sales force in place, he was the only one making any sales. Negri essentially would be on the phone every day selling phones as opposed to running the actual Company

46. The final nail in the Company's coffin was Negri refusing to remain in place as a consultant despite the fact that he agreed to do so for one year following the closing. Attached to this declaration as **Exhibit K** is a copy of Negri's resignation email.

47. By the beginning of February, Negri informed me that he would no longer work as a consultant for the Company. This left me and the Company in dire straits as Negri had accounted for over two-thirds of Company revenue and his refusal to remain with the company resulted in a dramatic and ultimately fatal decrease in revenue over time.

48. In a last-ditch attempt to save the company, Louis, myself, and Rick Landry (the then head of sales hired by me in January 2014) proceeded to search for other sources of revenue – including the potential acquisition of other electronics companies – and other means of financing in order to keep the Company afloat.

49. Friedman was doing everything he possibly could to save the company, despite Negri's creating constant roadblock's and hurdles.

50. I was able to secure a \$400,000 line of credit of a credit facility up to \$3,000,000 so that the Company could purchase inventory and remain operational; however due to Negri's refusal to sign the documentation for over 4 weeks, the Company's ability to purchase inventory and generate revenue (when coupled with Negri's refusal to remain as a consultant and generate sales) crippled the Company. Attached to this declaration as **Exhibit L** is a copy of the relevant pages of the Credit Agreement with TCA.

51. I had also secured an additional \$150,000 to infuse into the company in February and March of 2014 and an additional \$50,000 in April and May – all to no avail. Attached to this declaration as **Exhibit M** are copies of the bank statements showing the influx of money into Negri Electronics.

52. My sales team (despite not being able to purchase inventory) had been negotiating with several large company's and was providing quotes to the tune of several million dollars to a Fortune 100 Company. In addition, Louis was speaking with his industry contacts and the Company was discussing performing selling to, as well as warehousing inventory for one of the top three telecommunications companies in the USA. Attached to this declaration as **Exhibit N** are various emails regarding negotiations with Google and Sprint.

53. As part of my last-ditch efforts to save the Company, in May 2013 I hired a highly-experienced Consulting Chief Financial Officer, who had over 25 years' experience in finance, restructuring, financing and complex transactions.

54. In July and August 2014, my executive team (including seasoned CEO, CFO, VP of sales and the Company's law firm) negotiated with investment bank(s) and a private equity fund, and even attempted to structure a deal to put the Company into a public vehicle in order to raise capital, give creditors (including Negri) an option to liquidate some of their holdings and debt, and in order to help secure funding, and to provide the Company with another avenue to negotiate with potential funding sources. Attached to this declaration as **Exhibit O** is a copy of the various emails with the investment bank and private equity fund in an attempt to raise capital for Negri Electronics.

55. I also had the Company, which had previously been provided with a \$400,000 portion of a \$3,000,000 credit facility, interested in further extending an additional \$250,000 to the

Company in order to save it, but Negri's initial refusal to negotiate, and then attempt to have me agree to the funding provided that I violate the terms of the line of credit in order to pay Negri, further solidified Negri's attempts to put the Company out of business and put his personal interests ahead of his duties as a Board of Director Member. Attached to this declaration as **Exhibit P** is a copy of an email from Negri telling me to "file for Chapter 11."

56. In addition to all of these efforts, I also tried to start new lines of business, such as offering cloud services to customers, but this was not successful, due to the distractions caused by Negri's multiple and continual attempts to put the Company out of business.

57. Louis and Landry also talked to various Fortune 500 companies to have them become corporate vendors – i.e. to sell phones and other products.

58. Despite all of the attempts to save the Company, by June of 2014, the Company had no more inventory, no more credit, and was for all intents and purposes could no longer operate. Still, I continued to negotiate with potential acquisitions, acquirers and funders in order to save the Company. Attached to this declaration as **Exhibit Q** are various emails showing my attempts to save the Company.

59. Negri, on the other hand, would not negotiate and would not move on his position to be paid what he believed he was owed, putting his personal interests ahead of the Company and of saving the Company and its employees.

60. Negri had no interest in helping save the Company. Negri would not hear any of the funding ideas, and would not even discuss any potential mergers with a public company, which would have potentially provided the Company with new avenues to find funding and save the Company, as well as giving Negri an opportunity to sell his shares in the market and liquidate his position in the Company.

61. I had frequent conference calls with my seasoned executive team in order focus on putting together recovery plans, identify areas of improvement, and to preserve and grow the corporation.

62. On or about July 2014, myself and the Company's executive team met with an investment bank to help the Company raise and/or find capital.

63. On or about July/August 2014, the Company met with a private equity firm to purchase control of or to be a secured creditor for the Company. Such negotiations stalled, as the Company's financial position required it to shut down and Negri's refusal to cooperate or negotiate to buy the private equity firm time to fully grasp the transaction and my ultimate growth plan.

64. Given the disorganized state of the Company, the lack of sales force, and the lack of cash flow, at the time Negri and I were negotiating the sale, the Company was clearly a sinking ship and a ponzi scheme in disguise.

65. Negri was apparently trying to get out of the Company before it was too late and accordingly, Negri misrepresented important details of the Company during the negotiations with me, including the sales, net income, and most importantly the cash flow, in order to entice me to enter the purchase contract. Negri also left the company cash strapped by failing to pay vendors leading up to the closing date, which destroyed the Company's ability to purchase on credit.

66. Had I known the true state of the Company and Negri's actual intentions to squeeze every last dime out of the Company prior to the sale, I never would have entered into the purchase agreement.

67. After Negri's deal with First Ascent failed, Negri filed a complaint in the Southern District of New York alleging claims for Fraudulent Misrepresentation, Unjust Enrichment, Breach of Contract.

68. The complaint was subsequently amended and re-filed on April 8, 2015 at which time Negri added claims for violation of the New York Debtor Creditor law as well as a second count for breach of contract. Attached to this declaration as **Exhibit R** is a true and correct copy of the First Amended Complaint filed by Negri.

69. Various claims and parties were dismissed and the only remaining claims are: Count I for Fraudulent Misrepresentation, Count II and III for violations of the New York Debtor Creditor Law, Count IV for Unjust Enrichment, and Count VI and VII for Breach of Contract.

70. The parties engaged in discovery on all of Negri's claims and on September 26, 2016 Negri was deposed. Attached to this declaration as **Exhibit S** is a true and correct copy of the relevant portions of the deposition of Ryan Negri.

71. First Ascent, LLC was formed in early March 5, 2013 by Friedman. First Ascent is a Delaware, LLC and Friedman formed First Ascent to use as a vehicle to purchase several companies in the telecom space. The goal was to buy several companies in the telecom space and use First Ascent as a central vehicle for the growth of the companies acquired. Attached to this declaration as **Exhibit T** is a copy of the First Ascent formation documents.

72. Since March of 2013, First Ascent was actively working on purchasing a data center. First Ascent started a "cloud services" division, and was involved in a software development partnership. First Ascent was also actively looking to purchase several telecom companies to manage and grow.

73. First Ascent was also working with network providers to purchase or start its own MVNO (Mobile Virtual Network Operator), which is a wireless communication network provider that does not own the wireless network (an example would be Boost Mobile using Sprint's wireless network).

74. Friedman was the managing member of First Ascent and the intention was to bring on P.J. Louis to come on board as an owner/member as well once things were up and running in the telecom space.

75. Several months after the purchase of transaction closed, Negri entered into a subordination agreement with TCA Global Credit Master Fund, LP.

76. The purpose of the subordination agreement was for Negri Electronics to secure a line of credit with TCA so that Negri Electronics could receive \$400,000 and pay for inventory and to help grow the company. The maximum credit limit with TCA was \$3,000,000.

77. As part of the agreement and the receipt of credit from TCA, Negri agreed to subordinate all of his rights and claims to TCA.

78. Attached to this declaration as **Exhibit U** is a true and correct copy of the Subordination Agreement entered into between First Ascent, Negri and TCA Global Credit Master Fund, LP.

79. Attached to this declaration as **Exhibit V** is a true and correct copy of a June 26, 2015, letter from Negri's prior counsel regarding Friedman not being a party to the Purchase Agreement.

80. Attached to this declaration as **Exhibit W** is a copy of Friedman's responses to the document requests served in this case – note response to No. 7)

I hereby declare under penalty of perjury that the forgoing statements are true. I am aware that if any such statements are wilfully false, I am subject to punishment.

Dated: December 20, 2016



MICHAEL J. FRIEDMAN

EXHIBIT A

Re: FW: Questions - Org Chart

October 18, 2013 at 3:48 PM

From "Philip J. Negri | Negri Electronics, Inc."

To mjfny

Cc Ryan Negri, Todd Sherman

 Organizati...tober 2013.pdf 355.48 KB

Hi Michael

Please find the updated Org Chart attached.

Thank You,

Phil Negri | VP

130 McCormick Avenue | Suite 101 | Costa Mesa, CA 92626

6255 S. Sandhill Road | Suite 600 | Las Vegas, NV 89120

888-358-6358 ext 133 | fax 815-331-0932

philip@negrielectronics.com | <https://negrielectronics.com/>

@PhilNegri | Google+ | Facebook | LinkedIn | @NegriElectronic

On Fri, Oct 18, 2013 at 4:45 PM, Philip J. Negri | Negri Electronics, Inc.

<philip@negrielectronics.com> wrote:

Hi Michael

Thanks for giving us an opportunity to address some of these questions. Please see our responses below. We are happy to elaborate more on any of these points, or respond to any new questions that come up.

Please reach out when you've had a chance to review the information and we will schedule our next call.

QUESTIONS:

How much revenue is derived from sales directly from customers that walk into the warehouse?

None. The warehouse is used entirely as a call center and fulfillment space. We do not advertise the location as a 'retail storefront' and we do not have any point-of-sale mechanism in place to accept payment from walk-ins. In very rare instances we have allowed customers in the local area that have completed an order and paid online to pick up their device from the warehouse.

Who are the corporate counsel(s) & CPA(s)?

Thomas R. Lamons

Cummins & White, LLP
2424 S.E. Bristol Street, Suite 300
Newport Beach, CA 92660
Tel: (949) 852-1800
Fax: (949) 852-8510
Email: tlamons@cwlawyers.com
www.cumminsandwhite.com

Darlene K. Beer, CPA, MST
R. Kuhen & Co., Inc.
4440 Von Karman Ave., Suite 150
Newport Beach, CA 92660
Phone: 949.208.9900 *102
Direct Fax: 949.208.9304
Email: dbeer@rkuhencpa.com
Website: www.rkuhencpa.com

Has there been any previous litigation, related to IP/non-payment of licensing fees? i.e., has anything like that before?

I'm assuming this is referencing the patent litigation filed by Exotablet earlier this year. This case referenced a particular product, Asus Padfone, which we imported and sold for a period of about 12 months. It was more of a novelty product than anything (a smartphone that could dock inside a tablet-type device, basically offering the customer 1 device to control both screen sizes.) We sold very few of them. During this time, Exotablet, a small device manufacturer that we had never heard of, approached us and asked that we start selling their "Padfone replica" (that is how they described it to us) on our website. We refused because it was a low-quality, low-end device. A few months later, they filed a lawsuit for patent infringement against us, claiming a design patent on the smartphone-tablet docking system. Based on our legal representation and because of the very little volume of sales, it was easier for us to settle and pay a licensing fee than it was to fight the patent, even though we highly doubt its validity.

This is a very rare case where we started selling a new and unique product from a foreign manufacturer. We will easily avoid this type of situation in the future by just being more cautious before importing a new, foreign-made product that doesn't have an established history of sales in the U.S. But, to clarify the larger perspective, this type of product would never account for more than a negligible portion of total sales.

Please provide a complete list of all licenses/wholesale agreements you have obtained.

We have several wholesale accounts with licensed distributors of all major manufacturers. We have chosen not to pursue direct relationships with top manufacturers because of the numerous restrictions (advertising, pricing, sales region, etc) that are associated with such agreements. We instead purchase from licensed distributors that have access to the same devices we would get direct from the manufacturer, but without the various restrictions.

How fast do you turnover inventory?

Using the standard ratio of Cost of Goods Sold divided by Average Inventory (COGS/Avg Inv), our inventory turns over approximately 3x per month, using 2013 YTD data.

Cost of Goods Sold / ((beginning inventory+ending inventory)/2)
 $10,100,000 / ((470,000+320,000)/2) = 26$ inventory turns in 9 months, or ~3 turns per month

Who are your suppliers (domestic and international)?

We purchase inventory from a variety of domestic and international suppliers. Approximately 30% of inventory is purchased from our top supplier, based in Hong Kong. 2 separate vendors located in Ontario, Canada each contribute ~10% of our total purchase volume. Another 10% is purchased from an organization headquartered in Miami, FL. Our largest 6 suppliers make up approximately 70% of all purchases. Our top 20 suppliers comprise nearly 90% of all purchases.

We have taken advantage of long standing relationships with our best suppliers, but we have avoided any concentration risk by limiting our largest supplier to 30-40% of all purchases, and always adding new sources to our mix.

Please provide an organization chart of company.

Pdf attached.

Do you have any retail stores? If so please provide details on the stores.

We do not operate any physical retail stores.

Do you supply and sell to third party stores or primarily online?

We define 2 separate sales channels in our business - Retail (or online, negrielectronics.com) and Wholesale (primarily offline sales led by Ryan). Through our wholesale sales channel we reach a variety of customer types including large enterprise customers, government procurement agencies, distributors, and B&M and online resellers.

Online:**what is payment method (Authorize.net, Google?)**

We accept payment at negrielectronics.com through 2 main processors - Paypal (35%) and Amazon (65%). We used a third processor, Google Checkout, but that service was recently discontinued by Google and replaced by Google Wallet which only supports digital orders. We removed Google Checkout from our site and now focus on Paypal and Amazon.

list all domains sell or that point to Negri's website.

negri-electronics.com
negricare.com
negrielectronics.biz
negrielectronics.co
negrielectronics.us
negrielectronics.info
negrielectronics.me
negrielectronics.net
negrielectronics.org
negriunlocks.com
consmerelectronics.com
eliteelectronix.com
negrielectronics-scam.com
negriwholesale.com

who owns the domains()?

Ryan Negri

where are the domains registered? (GoDaddy?)

Hostingdude.com is where the domains are managed. Hostingdude is a Godaddy Reseller.

any online advertising revenue and info/stats?

We use targeted display advertising on select affiliate sites like GSMArena.com, Phonearena.com, ModMyI.com, Technobuffalo.com. These are tech news sites that are very popular among our target market. We typically pay monthly for these ad spaces and generate traffic at \$.05-\$.25 per click, though it is generally low-converting traffic as we've found these customers tend to shop around more than average. We view these campaigns as maintaining/promoting brand image, rather than strictly driving sales.

We also run PPC advertising campaigns through Google Shopping (Product Listing Ads). This accounts for almost 20% of total traffic and we pay \$.07 per click on average. The following stats are from Sep 15-Oct 15 and apply only to the Product Listing Ad campaign.

Visits 48,738

Unique Purchases 363

Conversion Rate 0.67%

Average Transaction Value \$733.08

The majority of other traffic is generated from search engine optimization, social media referrals and email marketing.

See Google Analytics question for other online tracking details.

who maintains the website, the data, and all related online consumer/customer info?

Customer information is stored on our website and downloaded to our accounting software continually throughout the day. This information is also integrated into our email marketing software and used to send marketing emails, newsletters, and post-purchase emails to past and potential customers. Because we use third-party payment processors, we do not store any personal financial information.

Product information on the website is maintained using a proprietary excel-based pricing engine. We've created this series of files to help us manage over 5K SKUs in real-time, using data from the website, accounting software and changes in market prices. It has significantly reduced errors caused by inaccurate price or status information being displayed on the site and decreased the time and resources needed to manage the growing database of products.

who are programmers for company?

ArchinTech of Delhi, India. (Operating on US business hours for 2 years).

Archit Singhal (Lead) and his team of 18 highly qualified individuals. 15 are versed in PHP, 6 of the 15 are considered 'Magento Professionals'. 3 the 15 are specialize in SEO. All 18 have 4 year Software Engineer degrees from various universities. Our current monthly fee is ~\$4000 for full time site management and SEO.

We've accounted for this in our financial projections by forecasting a salary of \$40,000 annually, although it is paid as contract work.

Provide us with Google Analytics, and any other online analytic information for all websites owned and/or maintained.

We can provide Read-Only access to our Google Analytics account to enable access to all site traffic and conversion history. Please provide a Gmail/Google Account email address compatible for Google Analytics use.

Do you use a reseller/channel partner program to sell their handsets?

If yes, then how many partners do you have?

We offer our handsets to a variety of different resellers, or MVNO's. Our handsets are compatible with RedPocket, Simple Mobile, Solavei, Spot Mobile and a few others. Many of the resellers of these services use our site to order handsets for their customers.

who are the partners? (aside from Red Pocket)

Above.

What is financial reporting software used (Quickbooks)?

We are using the latest version of Quickbooks - Retail (13.0). We've been using Quickbooks since 2008 and all historical data is accessible through the company file.

Thank You,

Phil Negri | VP

130 McCormick Avenue | Suite 101 | Costa Mesa, CA 92626
6255 S. Sandhill Road | Suite 600 | Las Vegas, NV 89120 .
888-358-6358 ext 133 | fax 815-331-0932
philip@negrielectronics.com | <https://negrielectronics.com/>
@PhilNegri | Google+ | Facebook | LinkedIn | @NegriElectronic

On Fri, Oct 18, 2013 at 12:59 PM, Ryan Negri <ryan@negrielectronics.com> wrote:

Thanks,

Ryan J. Negri | Founder & CEO

130 McCormick Avenue | Suite 101 | Costa Mesa, CA 92626
6255 S. Sandhill Road | Suite 600 | Las Vegas, NV 89120
888-358-6358 ext 121 | fax 815-331-0932 | direct 714-699-4768
Negri21- AOL | Airnegri@hotmail.com - MSN | Airnegs21 - Yahoo
NegriElectronics1 - Skype | BBPIN: 2AD23CC0
ryan@negrielectronics.com | <http://negrielectronics.com/>
@RyanNegri | Google+ | Facebook | LinkedIn | @NegriElectronic

From: Michael Friedman [<mailto:mjfnfny@me.com>]

Sent: Friday, October 18, 2013 12:31 PM

To: Ryan Negri

Cc: Todd Sherman

Subject: Questions

Hi Ryan,

Below are several questions for you regarding the due diligence information.

Please email me the answers, and let's also schedule a call for after we have had a chance to review your answers.

Feel free to call me anytime to discuss as well.

Regards,
Michael

QUESTIONS:

- > How much revenue is derived from sales directly from customers that walk into the warehouse?
- > Who are the corporate counsel(s) & CPA(s)?
- > Has there been any previous litigation, related to IP/non-payment of licensing fees? i.e., has anything like that before?
- > Please provide a complete list of all licenses/wholesale agreements you have obtained.
- > How fast do you turnover inventory?
- > Who are your suppliers (domestic and international)?
- > Please provide an organization chart of company.
- > Do you have any retail stores? If so please provide details on the stores.
- > Do you supply and sell to third party stores or primarily online?
- > Online:
 - > what is payment method (Authorize.net, Google?)
 - > list all domains sell or that point to Negri's website.
 - > who owns the domains()?
 - > where are the domains registered? (GoDaddy?)
 - > any online advertising revenue and info/stats?
 - > who maintains the website, the data, and all related online consumer/customer info?
 - > who are programmers for company?
- > Provide us with Google Analytics, and any other online analytic information for all websites owned and/or maintained.
- > Do you use a reseller/channel partner program to sell their handsets?
 - > If yes, then how many partners do you have?
 - > who are the partners? (aside from Red Pocket)
- > What is financial reporting software used (Quickbooks)?

Re: Conf Call

November 27, 2013 at 12:11 PM

From Michael Friedman

To Todd Sherman

Cc Ryan Negri

Confirmed.

On Nov 27, 2013, at 3:10 PM, Todd Sherman <toddsherman04@gmail.com> wrote:

4:30pm EST.

On Nov 27, 2013 2:09 PM, "Ryan Negri" <ryan@negrielectronics.com> wrote:

Todd,

I am free until about 2pm PST.

Thanks,

Ryan J. Negri | Founder & CEO

130 McCormick Avenue | Suite 101 | Costa Mesa, CA 92626

6255 S. Sandhill Road | Suite 600 | Las Vegas, NV 89120

888-358-6358 ext 121 | fax 815-331-0932 | direct 714-699-4768

Negri21- AOL | Airnegri@hotmail.com - MSN | Airnegs21 - Yahoo

NegriElectronics1 - Skype | BBPIN: 2AD23CC0

ryan@negrielectronics.com | <http://negrielectronics.com/>

@RyanNegri | Google+ | Facebook | LinkedIn | @NegriElectronic

From: Todd Sherman [mailto:toddsherman04@gmail.com]

Sent: Wednesday, November 27, 2013 11:08 AM

To: Mike Friedman; Ryan Negri


Subject: Conf Call

Guys,

I would like to have an informal call today for the three of us. The point of this call is to have an open conversation as to how best to proceed at this point to close this transaction as quickly and smoothly as possible. Please let me know what time works best for all.

Thanks,

Todd.

From: **Ryan Negri** ryan@negrielectronics.com 
Subject: RE: Information Request
Date: December 3, 2013 at 4:46 PM
To: Michael Friedman mjfny@me.com
Cc: Todd Sherman toddfsherman04@gmail.com, phil@negrielectronics.com



Michael,

Thanks for the email. Hope you had a great weekend.

See the responses below.

November financials.

Link to download can be found [here](#).

Tax Returns (all states) and any related Tax Filings & Information (last 2-3 years).

Same Link to download can be found [here](#).

Employee handbooks (benefits, 401k, health insurance, rules/regulations, procedures, information, etc.).

Same Link to download can be found [here](#).

Any written promises to employees (outside of what information has been provided all ready).

We don't have any written promises. 2-3 employees have upcoming reviews near the end of the year where they would ordinarily receive 5-10% wage increases. These are not promised, but they are probably expected. We will need to address this in the next few weeks.

Any changes / status updates regarding litigation / pending litigation?

4DGP agreed to stipulated judgment to pay by 3/1/14.

We have dropped the pending litigation with ADT and will focus on Travelers.

SN Traders Postponed Court Date to January.

The Travelers Insurance suit that is not yet filed; that I am still working on. I'd like to remain the sole beneficiary of this suit after the close, as I will be putting my effort and money into it after the new year.

I am working on getting the new case with It's All Wireless Dismissed. More Info [here](#) (Litigation folder) Basically they are unhappy with products we sent them in May. They filed this suit in October.

I can work on obtaining some official documentation of the SN Traders and 4DGP cases for you in the coming days, and put them in the folder which is linked above.

Website / online Analytics (last 90 days).

Same Link to download can be found [here](#).

Godaddy / Domain ownership information (including who controls).

Negri Electronics currently owns the domains, while they are under Ryan Negri's name. All domains inside that account will be signed over to you upon or prior to closing. I will just give you access to the account and you may edit the details as you see fit. Easy transaction.

Any known liens against the company.

None.

Any Trademarks or IP (in addition to 1 trademark provided).

None.

Who controls IT & website? in-house? person? agency? Please provide company/person's name & website.

Document attached with all the details and contact information. If you need more, please ask.

Also, we are thinking of making the trip to Las Vegas on Tuesday, December 18 to Wednesday, December 19. Please let us know if those days work for you to meet in Las Vegas, and if so, then we can work on the details of the trip.

This works perfectly for us. Please begin to schedule the trip.

Also, this year CES is January 7-10th in Las Vegas. Many of our vendors attend the show and I would be happy to introduce the management team to all of the suppliers that attend. This is a great opportunity for them to meet our trusted suppliers if their time permits.

Please let us know whatever else you need and we will get this to you in a timely manner.

Thanks,

Ryan J. Negri | Founder & CEO

130 McCormick Avenue | Suite 101 | Costa Mesa, CA 92626

6255 S. Sandhill Road | Suite 600 | Las Vegas, NV 89120

888-358-6358 ext 121 | fax 815-331-0932 | direct 714-699-4768

Negri21- AOL | Airnegri@hotmail.com - MSN | Airnegs21 - Yahoo

NegriElectronics1 - Skype | BBPIN: 2AD23CC0

ryan@negrielectronics.com | <http://negrielectronics.com/>

[@RyanNegri](#) | [Google+](#) | [Facebook](#) | [LinkedIn](#) | [@NegriElectronic](#)

From: Michael Friedman [<mailto:mjfnny@me.com>]

Sent: Tuesday, December 03, 2013 6:23 AM

To: Ryan Negri

Cc: Todd Sherman

Subject: Information Request

Ryan,

Hope you had a good Thanksgiving holiday.

Thank you for sending the bank statements last week and so quickly. As we discussed, here are some additional information requests and questions for you:

- November financials.
- Tax Returns (all states) and any related Tax Filings & Information (last 2-3 years).

- Employee handbooks (benefits, 401k, health insurance, rules/regulations, procedures, information, etc.).
- Any written promises to employees (outside of what information has been provided all ready).
- Any changes / status updates regarding litigation / pending litigation?.
- Website / online Analytics (last 90 days).
- Godaddy / Domain ownership information (including who controls).
- Any known liens against the company.
- Any Trademarks or IP (in addition to 1 trademark provided).
- Who controls IT & website? in-house? person? agency? Please provide company/person's name & website.

Also, we are thinking of making the trip to Las Vegas on Tuesday, December 18 to Wednesday, December 19. Please let us know if those days work for you to meet in Las Vegas, and if so, then we can work on the details of the trip.

Look forward to meeting in person.

Regards,
Michael



Web & IT Team
- Negri...s.docx

From: **Philip J. Negri | Negri Electronics, Inc.** philip@negrielectronics.com 
 Subject: Bank Account Balances as of Dec 23, 2013
 Date: December 23, 2013 at 5:36 PM
 To: mjfny mjfny@me.com
 Cc: Todd Sherman toddfsherman04@gmail.com, Tom Lamons TLamons@cwlawyers.com, Ryan ryan@negrielectronics.com

Hi Michael

We reconciled accounts from prior days activities and pulled all current balances as of 2:00 PM PST December 23, 2013. I've attached the appropriate reports and included explanations below.

1. Wells Bank Account Balances

These balances reflect current posted available balances in all Wells Fargo Bank accounts.

2a. Undeposited Funds Account Balance Summary

This amount includes all those payments that have been captured through our online payment processors for which the funds have not yet arrived in our Wells Fargo account.

2b. Undeposited Funds Account Balance Detail

We have included a transaction detail for the day to show that no new payments were recorded.

Note: After 2:00 PM PST today, we began capturing new payments therefore the undeposited funds balance is actively changing (increasing) but we are not staking any claim to these new payments for orders shipping today or after the holiday.

3. Amazon Transfer Initiated Dec 23, 2013

This is the current balance being held by Amazon to be transferred to our Wells Fargo account at the end of the day.

Note: After 2:00 PM PST today, we began capturing new payments therefore the Amazon transfer actually processed at the end of the day will likely be larger than this report shows. We are not staking any claim to these payments.

4. Paypal Withdraw Initiated Dec 22, 2013

This is the withdraw from our Paypal account from yesterday that will hit our Wells Fargo account tomorrow morning.

Note: The available balance in Paypal will continue to increase as orders are processed but we are not staking any claim to these payments and we will not initiate any new withdraws (funds will remain in Paypal account in the very near term).

Please call or email with any questions.

Thank You,

Phil Negri | VP

130 McCormick Avenue | Suite 101 | Costa Mesa, CA 92626

6255 S. Sandhill Road | Suite 600 | Las Vegas, NV 89120

888-358-6358 ext 133 | fax 815-331-0932

philip@negrielectronics.com | <https://negrielectronics.com/>

@PhilNegri | [Google+](#) | [Facebook](#) | [LinkedIn](#) | [@NegriElectronic](#)

2:20 PM
12/23/13
Accrual Basis

Negri Electronics Inc
Balance Sheet
 As of December 23, 2013

ASSETS

Current Assets

Checking/Savings

1000-00 - Cash & Cash Equivalents

1002-00 - Wells Fargo Bank

1002-07 - Wells Fargo Blupai 500.00

1002-01 - Wells Fargo Operating 480,963.52

1002-02 - Wells Fargo Wire Acct 500.00

1002-03 - Wells Fargo Money Market 2,202.28

1002-04 - Wells Fargo PayPal Acct 500.00

1002-05 - Wells Fargo Employee Purchase 500.00

1002-06 - Wells Fargo Kelco Checkout 500.00

Total 1002-00 - Wells Fargo Bank 485,665.80

Dec 23, 13

Page 1 of 1

1:51 PM
12/23/13
Accrual Basis

Nagri Electronics Inc
Balance Sheet
As of December 23, 2013

	<u>Dec 23, 13</u>
ASSETS	
Current Assets	
Other Current Assets	
1202 - Undeposited Funds	<u>28,628.61</u>
Total Other Current Assets	28,628.61

Page 1 of 1

2:04 PM

12/23/13

Accrual Basis

Nagri Electronics Inc
Account QuickReport
As of December 23, 2013

Type	Date	Num	Name	Amount	Balance
1202 - Undeposited Funds					56,549.61
Deposit	12/23/2013	1204	OneShop Wireless Inc.	-1,250.00	55,299.61
Deposit	12/23/2013	100074513	Man Lee	-49.00	55,250.61
Deposit	12/23/2013	100074512	Chao Luna	-49.00	55,181.61
Deposit	12/23/2013	100073971	Jacqueline Gleyze-Thomas	-924.25	54,257.36
Deposit	12/23/2013	100073623	Benjamin Mayhall	-766.50	53,490.86
Deposit	12/23/2013	100074518	Tavares Lloyd	-508.00	52,982.86
Deposit	12/23/2013	100074538	Salvatore Stenazzo	-39.50	52,921.36
Deposit	12/23/2013	100074510	Maurice Musoni	-39.50	52,881.86
Deposit	12/23/2013	100074548	Atsuo Conley	-49.00	52,812.86
Deposit	12/23/2013	100074547	Margarita Zaretskaya	-881.50	51,831.36
Deposit	12/23/2013	100074544	Don Dunbar	-1,045.50	50,785.86
Deposit	12/23/2013	100074543	Simon Ehemus	-392.89	50,392.97
Deposit	12/23/2013	100074488	lewis cohen	-538.84	49,853.03
Deposit	12/23/2013	100074524	Athay Korde	-455.50	49,397.53
Deposit	12/23/2013	100074514	Stuart Hastings	-342.00	49,055.53
Deposit	12/23/2013	100074499	Robert Casoria	-551.88	48,483.65
Deposit	12/23/2013	100074493	John Fulton	-496.46	47,987.19
Deposit	12/23/2013	100074461	Rishi Bridgatal	-555.50	47,431.69
Deposit	12/23/2013	100074454	Jeffery Duffeld	-580.31	46,851.38
Deposit	12/23/2013	100074566	Syad Abidi	-379.50	46,471.88
Deposit	12/23/2013	100074566	Alexey Omelchenko	-584.89	45,886.99
Deposit	12/23/2013	100074554	Tim Burke	-503.50	45,383.49
Deposit	12/23/2013	100074519	Tin Nguyen	-503.00	44,880.49
Deposit	12/23/2013	100074494	piotr Filipik	-786.50	44,093.99
Deposit	12/23/2013	100074568	James Jones	-588.00	43,505.99
Deposit	12/23/2013	100074562	Giacomo Passarelli	-36.50	43,469.49
Deposit	12/23/2013	100074444	enka bowlin	-554.00	42,915.49
Deposit	12/23/2013	100074443	Angela Emanuel	-564.70	42,350.79
Deposit	12/23/2013	100074433	elena glushkova-castillo	-526.50	41,824.29
Deposit	12/23/2013	100074428	Paulette Jercks	-384.74	41,439.55
Deposit	12/23/2013	100074478	JORGE HERNANDEZ	-49.00	41,390.55
Deposit	12/23/2013	100074478	JORGE HERNANDEZ	-39.00	41,351.55
Deposit	12/23/2013	100074489	Ken Walter	-451.68	40,899.87
Deposit	12/23/2013	100074473	Gregg D	-440.46	40,459.41
Deposit	12/23/2013	100074462	Nathaniel Sherman	-800.00	39,659.41
Deposit	12/23/2013	100074458	Michael Shipway	-431.72	39,227.69
Deposit	12/23/2013	100074490	Sony Sherga	-717.68	38,510.01
Deposit	12/23/2013	100074458	Kresan Ash	-891.81	37,618.20
Deposit	12/23/2013	100074449	Bum Won Lim	-442.97	37,175.23
Deposit	12/23/2013	100074448	William Brooks	-311.50	36,863.73
Deposit	12/23/2013	100074415	Amelie Ashick	-481.33	36,382.40
Deposit	12/23/2013	100074438	Chao Wang	-305.50	36,076.90
Deposit	12/23/2013	100074426	Marc Montoro	-589.50	35,487.40

Unaport	12/23/2013	100074493	OTHERET LINE	-149.40	44,207.01
Deposit	12/23/2013	T71353	Tim Schiessen/TechSpot	-1,064.00	43,293.61
Deposit	12/23/2013	100074296	W. C. Axelsson	-1,098.99	42,194.62
Deposit	12/23/2013	100074393	James Spence	-1,222.81	40,971.81
Deposit	12/23/2013	100074365	n/a Nipo	-381.50	40,610.31
Deposit	12/23/2013	100074447	n/a James	-379.81	40,230.50
Deposit	12/23/2013	100074437	Andrew Li	-1,803.68	38,426.82
Deposit	12/23/2013	100074439	Peng	-688.50	37,737.32
Deposit	12/23/2013	100065030	Natasha Williams	-403.59	37,333.73
Deposit	12/23/2013	100074546	n/a Antonio	-565.54	36,768.19
Deposit	12/23/2013	100074075	TETSUYUKI USAMI	-457.35	36,310.84
Deposit	12/23/2013	100074078	Ahmed Mohd Shukri	-405.50	35,905.34
Deposit	12/23/2013	100073804	Gota Kataoka	-789.50	35,115.84
Deposit	12/23/2013	100073936	Ahmed Mohd Shukri	-721.50	34,414.34
Deposit	12/23/2013	100073944	Gota Kataoka	-789.50	33,624.84
Deposit	12/23/2013	100074505	n/a Alvaro	-651.68	32,973.16
Deposit	12/23/2013	100074323	Joel Barry	-667.50	32,305.66
Deposit	12/23/2013	100074236	Vasiliy Postnikov	-953.56	31,352.10
Deposit	12/23/2013	100073937	Sudhir M. Bobde	-908.48	30,443.62
Deposit	12/23/2013	100074559	n/a stomo	-655.50	29,788.12
Deposit	12/23/2013	100074563	Gloria Jimenez	-549.50	29,238.62
Deposit	12/23/2013	100074567	Hassan Ahmed	-470.57	28,768.05
Deposit	12/23/2013	100074588	NAOKI NOMURA	-138.44	28,629.61
Total 1202 Undeposited Funds				-37,921.00	28,629.61
TOTAL:				-37,921.00	28,629.61

Page 1

12/23/13

Payments - Amazon Seller Central

amazonpayments™

Search



Messages | Help | Settings

Checkout by Amazon (Pro)

INVENTORY ORDERS INTEGRATION **REPORTS** PERFORMANCE**Payments** [Learn more](#)

Your statement for:

Dec 22, 2013 - Dec 23, 2013 (Open)

Beginning Balance

Previous statement's unavailable balance	\$0.00
Carryover	\$1,562.35

Beginning Balance: \$1,562.35

Orders

Product charges	\$9,452.00
Promo rebates	-\$110.00
Amazon fees	-\$190.22
Other (shipping & gift wrap credits)	\$433.84

Orders Total: \$9,585.62

Refunds

Product charges	-\$594.50
Promo rebates	\$0.00
Amazon fees	\$12.96
Other	-\$70.82

Refunds Total: -\$652.36

Closing Balance

Total balance	\$10,495.61
Unavailable balance What's this?	-\$2,072.35

[Upcoming payment schedule](#)

Transfer amount scheduled to initiate on Dec 23, 2013*

\$8,423.26

*Transfers can take 3-5 business days to complete. The current amount displayed is an estimate and may vary from the amount transferred based on new activity in your seller account, including: product sales, fees, refunds, chargebacks, and A-to-z Guarantee claims.

https://sellercentral.amazon.com/gp/payments-account/settlement-summary.html?groupId=2013355zXclAbLT82e8DA_1U5pg

1/1

My Account	Send Money	Request Money	Merchant Services	Products & Services
Overview	Add Money	Withdraw	History	Resolution Center
			Profile	Virtual Terminal

Transaction Details



Your account has open issues. [Click to Resolve or Check Status](#)

Withdraw Funds to a Bank Account (Unique Transaction ID # 1PM99069110857409)

Total amount: -\$11,545.62 USD

Fee amount: \$0.00 USD

Net amount: -\$11,545.62 USD

Date: Dec 22, 2013

Time: 18:06:46 PST

Status: Pending

You made a request to transfer money from your PayPal account to your bank account. The transfer will complete in 3-4 days.

Subject: Bank Account

Transfer to: WELLS FARGO BANK, NA Checking (Confirmed) x-4008

[Return to My Account](#)

EXHIBIT B

Appendix A

Income Statement 2013-2015

REVENUE

Wholesale Revenue

Offline Revenue

Dealer Log-in Revenue

White-Label Revenue

Total Wholesale Revenue

Retail Revenue

Device Revenue

Accessory Revenue

Unlock Service Revenue

Protection Plan Revenue

Wireless Service Revenue

Digital Photography Equipment Revenue

Total Retail Revenue

Total Revenue

COST OF GOODS SOLD

Wholesale Cost

Offline Cost

Dealer Log-in Cost

White-Label Cost

Total Wholesale Cost

Retail Cost

Device Cost

Accessory Cost

Unlock Service Cost

Protection Plan Cost

Wireless Service Cost

Digital Photography Equipment Cost

Processing Fees

Total Retail Cost

Net Shipping Cost

	2007 TOTAL	2008 TOTAL	2009 TOTAL	2010 TOTAL	Q1
Wholesale Revenue					
Offline Revenue					685,323
Dealer Log-in Revenue					
White-Label Revenue					685,323
Total Wholesale Revenue					879,447
Retail Revenue					
Device Revenue					879,447
Accessory Revenue					
Unlock Service Revenue					
Protection Plan Revenue					
Wireless Service Revenue					
Digital Photography Equipment Revenue					
Total Retail Revenue					879,447
Total Revenue	\$ 1,380,578	\$ 2,545,536	\$ 5,419,873	\$ 6,824,819	\$ 1,564,770
COST OF GOODS SOLD					
Wholesale Cost					
Offline Cost					632,120
Dealer Log-in Cost					
White-Label Cost					632,120
Total Wholesale Cost					805,735
Retail Cost					
Device Cost					805,735
Accessory Cost					
Unlock Service Cost					
Protection Plan Cost					
Wireless Service Cost					
Digital Photography Equipment Cost					
Processing Fees					
Total Retail Cost					805,735
Net Shipping Cost					

Appendix A

Income Statement 2013-2015

Total Cost of Goods Sold	1,267,284	2,271,433	5,053,395	6,075,576	1,437,855
GROSS PROFIT					
Wholesale Gross Profit					
Offline Gross Profit					
Dealer Log-in Gross Profit					
White-Label Gross Profit					
Total Wholesale Gross Profit					53,203
Retail Gross Profit					
Device Gross Profit					
Accessory Gross Profit					
Unlock Service Gross Profit					
Protection Plan Gross Profit					
Wireless Service Gross Profit					
Digital Photography Equipment Gross Profit					
Total Retail Gross Profit					73,711
Total Gross Profit	\$ 113,294	\$ 274,103	\$ 366,478	\$ 749,243	\$ 126,915
MARKETING EXPENSE					
Marketing and Promotions	6,005	25,706	50,532	19,906	8,338
Total Marketing Expense	6,005	25,706	50,532	19,906	8,338
GENERAL & ADMIN EXPENSE					
Salaries and Wages				67,516	47,314
Facilities Expense				26,158	11,411
Other G&A				249,207	37,921
Total General & Admin Expenses	51,897	95,322	151,633	316,723	85,235
TOTAL EXPENSE	57,902	121,028	202,165	336,629	93,573
EBIT	\$ 55,392	\$ 153,075	\$ 164,313	\$ 412,614	\$ 33,341
Income Taxes (30%)					
NET INCOME					

Appendix A

Income Statement 2013-2015

2011				2011				2012			
Q2	Q3	Q4	TOTAL	%	Q1	Q2	Q3	Q4			
1,212,901	1,991,716	2,938,909	6,828,849	59%	828,883	728,592	873,494	1,601,557			
					-	-	-	-			
1,212,901	1,991,716	2,938,909	6,828,849	59%	828,883	728,592	873,494	1,601,557			
1,082,866	945,176	1,810,891	4,718,380	41%	1,329,920	1,009,129	909,027	1,485,197			
					11,292	5,915	21,536	18,212			
					114	3,549	14,162	14,593			
					-	1,902	8,772	10,785			
					405	611	531	1,345			
					1,561	2,499	57,355	140,184			
1,082,866	945,176	1,810,891	4,718,380	41%	1,343,292	1,023,604	1,011,383	1,670,315			
2,295,767	\$ 2,936,892	\$ 4,749,800	\$ 11,547,229	100%	\$ 2,172,175	\$ 1,752,196	\$ 1,884,877	\$ 3,271,872			
1,124,819	1,891,099	2,686,933	6,334,971	55%	768,937	692,822	841,178	1,451,996			
					-	-	-	-			
1,124,819	1,891,099	2,686,933	6,334,971	55%	768,937	692,822	841,178	1,451,996			
971,557	817,641	1,700,349	4,295,282	37%	1,205,616	923,280	799,188	1,372,247			
					10,506	5,711	17,707	18,021			
					2,000	3,435	8,400	2,113			
					-	-	6,880	6,445			
					-	-	272	1,246			
					1,411	2,454	53,700	129,016			
					32,971	25,371	26,221	41,197			
971,557	817,641	1,700,349	4,295,282	37%	1,252,504	960,251	912,369	1,570,285			
					12,028	(3,812)	(37,781)	16,477			

Appendix A

Income Statement 2013-2015

Case 1:14-cv-10233-GHW Document 126 Filed 12/20/16 Page 36 of 77									
2,096,376	2,708,740	4,387,281	10,630,253	92%	2,033,469	1,649,261	1,715,765	3,038,758	

Appendix A

Income Statement 2013-2015

2012			2013			2013E		
TOTAL	%		Q1	Q2	Q3	Q4	TOTAL	Q1
4,032,527	44%	2,256,042	1,614,412	2,352,482	3,695,857	9,918,793	58%	3,482,109
-	0%	-	-	65,655	114,895	180,550	1%	201,067
-	0%	-	-	-	-	-	0%	180,000
4,032,527	44%	2,256,042	1,614,412	2,418,137	3,810,752	10,099,343	59%	3,863,176
4,733,274	52%	1,106,773	1,227,452	1,454,923	2,182,384	5,971,532	35%	1,660,159
56,954	1%	18,730	23,499	99,039	148,558	289,826	2%	222,837
32,417	0%	3,965	(217)	354	531	4,633	0%	797
21,458	0%	8,341	9,734	9,065	29,046	56,186	0%	38,063
2,892	0%	2,400	2,346	3,298	5,771	13,816	0%	7,214
201,598	2%	117,800	179,522	174,772	218,464	690,557	4%	273,080
5,048,593	56%	1,258,009	1,442,336	1,741,450	2,584,755	7,026,550	41%	2,202,150
\$ 9,081,120	100%	\$ 3,514,051	\$ 3,056,748	\$ 4,159,587	\$ 6,395,508	\$ 17,125,894	100%	\$ 6,065,326
3,754,932	41%	2,088,706	1,522,257	2,233,581	3,459,322	9,303,866	54%	3,224,433
-	0%	-	-	61,715	107,542	169,257	1%	186,188
-	0%	-	-	-	-	-	0%	165,600
3,754,932	41%	2,088,706	1,522,257	2,295,296	3,566,864	9,473,123	55%	3,576,221
4,300,332	47%	1,010,326	1,118,312	1,280,382	1,964,146	5,373,166	31%	1,487,502
51,946	1%	17,003	21,921	77,343	112,904	229,171	1%	169,356
15,948	0%	4,657	1,135	2,000	345	8,137	0%	478
13,325	0%	6,515	6,845	2,895	20,042	36,297	0%	26,264
1,518	0%	2,195	1,967	3,068	4,617	11,847	0%	5,771
186,581	2%	108,022	164,427	156,111	196,618	625,178	4%	244,680
-	0%	32,071	32,809.49	38,641	57,354	160,876	1%	48,864
4,695,409	52%	1,180,789	1,347,417	1,560,440	2,356,026	6,444,671	38%	1,982,915
(13,088)	0%	9,742	38,201	31,441	46,666	126,051	1%	39,759

Appendix A

Income Statement 2013-2015

8,437,253	93%	3,279,237	2,907,875	3,887,176	5,969,557	16,043,845	94%	5,598,895
277,594	Margin 7%	167,336	92,155	118,902	236,535	614,927	Margin 6%	257,676
-	-	-	-	3,940	7,353	11,293	6%	14,879
-	-	-	-	-	-	-	-	14,400
277,594	7%	167,336	92,155	122,841	243,888	626,220	6%	286,955
432,942	9%	96,447	109,140	174,541	218,238	598,366	10%	172,657
5,008	9%	1,728	1,577	21,696	35,654	60,655	21%	53,481
16,469	51%	(692)	(1,352)	(1,646)	186	(3,504)	-76%	319
8,133	38%	1,826	2,889	6,170	9,004	19,889	35%	11,800
1,374	47%	206	380	230	1,154	1,970	14%	1,443
15,017	7%	9,778	15,094	18,661	21,846	65,379	9%	28,400
353,184	7%	77,220	94,919	181,010	228,730	581,879	8%	219,235
643,866	7%	234,813	148,873	272,410	425,951	1,082,048	6%	466,431
132,801	1.5%	18,670	23,918	17,796	55,101	115,485	0.7%	55,921
132,801	1%	18,670	23,918	17,796	55,101	115,485	1%	55,921
503,283	5.5%	110,616	122,144	114,998	152,434	500,192	2.9%	170,540
69,999	0.8%	32,703	25,113	25,661	26,775	110,252	0.6%	26,976
181,849	2.0%	57,936	79,042	42,007	46,099	225,083	1.3%	50,739
755,131	8%	201,255	226,299	182,666	225,308	835,527	5%	248,255
887,931	10%	219,924	250,217	200,462	280,409	951,013	6%	304,175
(244,065)	-3%	\$ 14,889	\$ (101,344)	\$ 71,948	\$ 145,542	\$ 131,036	1%	\$ 162,256
-	0%	4,167	-	19,044	43,663	55,532	0%	48,677
(26,240)	0%	\$ 10,722	\$ (101,344)	\$ 52,904	\$ 101,880	\$ 64,162	0%	\$ 113,579

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Income Statement 2013-2015

2014E		2014E		2015E				
Q2	Q3	Q4	TOTAL	%	Q1	Q2	Q3	Q4
3,385,449	3,870,777	5,196,992	15,935,327	52%	4,940,021	4,838,543	5,538,289	7,416,216
351,867	492,614	689,660	1,735,208	6%	241,280	422,241	591,137	827,592
202,500	227,813	436,289	1,046,602	3%	490,825	552,178	801,201	901,351
3,939,816	4,591,204	6,322,940	18,717,136	61%	5,672,127	5,812,962	6,930,627	9,145,158
1,841,179	2,182,384	3,273,576	8,957,298	29%	2,324,222	2,577,650	3,055,338	4,583,007
267,404	320,885	369,018	1,180,144	4%	405,920	446,512	491,163	540,279
956	1,147	1,319	4,218	0%	1,451	1,596	1,756	1,931
54,426	71,260	118,724	282,474	1%	103,069	127,710	146,448	218,878
9,018	9,920	10,912	37,063	0%	12,003	13,203	14,523	15,976
341,351	375,486	413,034	1,402,951	5%	454,338	499,771	549,749	604,723
2,514,333	2,961,081	4,186,583	11,864,148	39%	3,301,002	3,666,442	4,258,976	5,964,794
6,454,150	\$ 7,552,285	\$ 10,509,524	\$ 30,581,284	100%	\$ 8,973,129	\$ 9,479,403	\$ 11,189,603	\$ 15,109,952
3,134,926	3,584,340	4,812,414	14,756,113	48%	4,574,460	4,480,491	5,128,456	6,867,416
325,829	456,161	638,625	1,606,803	5%	223,426	390,995	547,393	766,350
186,300	209,588	401,386	962,873	3%	451,559	508,004	737,105	829,243
3,647,055	4,250,088	5,852,425	17,325,789	57%	5,249,444	5,379,489	6,412,953	8,463,008
1,649,696	1,955,416	2,933,124	8,025,739	26%	2,082,503	2,309,574	2,737,583	4,106,374
203,227	243,873	280,454	896,910	3%	308,499	339,349	373,284	410,612
573	688	791	2,531	0%	871	958	1,053	1,159
37,554	49,169	81,920	194,907	1%	71,118	88,120	101,049	151,026
7,214	7,936	8,729	29,651	0%	9,602	10,562	11,619	12,780
305,850	336,435	370,079	1,257,044	4%	407,087	447,795	492,575	541,832
55,791	65,704	92,897	263,256	1%	73,247	81,356	94,503	132,354
2,259,906	2,659,221	3,767,994	10,670,037	35%	2,952,926	3,277,714	3,811,666	5,356,138
45,395	53,461	75,587	214,201	1%	59,598	66,196	76,894	107,691

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Income Statement 2013-2015

5,952,356	6,962,770	9,696,006	28,210,027	92%	8,261,968	8,723,399	10,301,512	13,926,837
250,523	286,438	384,577	1,179,214	7%	365,562	358,052	409,833	548,800
26,038	36,453	51,035	128,405	7%	17,855	31,246	43,744	61,242
16,200	18,225	34,903	83,728	8%	39,266	44,174	64,096	72,108
292,761	341,116	470,515	1,391,348	7%	422,682	433,472	517,674	682,150
191,483	226,968	340,452	931,559	10%	241,719	268,076	317,755	476,633
64,177	77,012	88,564	283,235	24%	97,421	107,163	117,879	129,667
382	459	528	1,687	40%	580	638	702	772
16,872	22,091	36,805	87,567	31%	31,951	39,590	45,399	67,852
1,804	1,984	2,182	7,413	20%	2,401	2,641	2,905	3,195
35,500	39,051	42,956	145,907	10%	47,251	51,976	57,174	62,891
254,427	301,860	418,589	1,194,111	10%	348,077	388,728	447,310	608,657
501,793	589,515	813,518	2,371,257	8%	711,161	756,005	888,090	1,183,115
59,331	62,973	66,865	245,091	0.8%	71,026	75,477	80,240	85,340
59,331	62,973	66,865	245,091	1%	71,026	75,477	80,240	85,340
180,886	209,045	213,037	773,507	2.5%	246,222	250,748	267,061	271,973
27,178	27,382	27,587	109,123	0.4%	27,794	28,003	28,213	28,424
49,328	50,720	57,347	208,133	0.7%	55,800	54,557	56,545	63,979
257,392	287,147	297,971	1,090,764	4%	329,816	333,308	351,819	364,376
316,723	350,120	364,836	1,335,855	4%	400,842	408,785	432,059	449,716
185,070	239,395	448,682	1,035,402	3%	310,319	347,220	456,032	733,399
55,521	71,819	134,605	310,621	1%	93,096	104,166	136,810	220,020
129,549	167,577	314,077	724,782	2%	217,223	243,054	319,222	513,379

Margin

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Income Statement 2013-2015

2015E
TOTAL

22,733,069
2,082,250
2,745,555
27,560,873
12,540,217
1,883,874
6,734
596,105
55,705
2,108,581
17,191,215
44,752,088
21,050,822
1,928,163
2,525,911
25,504,895
11,236,034
1,431,744
4,040
411,313
44,564
1,889,289
381,460
15,398,443
310,379

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Income Statement 2013-2015

41,213,717

1,682,247

154,086

219,644

2,055,978

1,304,183

452,130

2,693

184,793

11,141

219,292

1,792,772

3,538,371

312,084

312,084

1,036,004

112,434

230,880

1,379,318

1,691,402

1,846,969

554,091

1,292,878

ASSETS**Current Assets****Cash & Cash Equivalents**

1000 · Cash & Cash Equivalents

Operating Cash (% of TTM Sales)

Total Cash and Cash Equivalents

Accounts Receivable

1200 · Accounts Receivable

AR (% of TTM Sales)

Total Accounts Receivable

Other Current Assets

1202 · Undeposited Funds

Undeposited Funds (% of TTM Sales)

1205 · Loans & Amounts Receivable

1300 · Inventory Asset

Inventory (% of TTM Sales)

1400 · Prepaids

1700 · Investments

Total Other Current Assets

Total Current Assets**Fixed Assets**

1500 · Fixed Assets (Net)

Total Fixed Assets**Other Assets**

1600 · Other Assets

Total Other Assets**TOTAL ASSETS****LIABILITIES & EQUITY**

	2009 Dec 31, 2009	2010 Dec 31, 2010	2011 Dec 31, 2011
ASSETS			
Current Assets			
Cash & Cash Equivalents			
1000 · Cash & Cash Equivalents	52,313	171,707	75,090
Operating Cash (% of TTM Sales)	1.0%	2.5%	0.7%
Total Cash and Cash Equivalents	52,313	171,707	75,090
Accounts Receivable			
1200 · Accounts Receivable	53,900	34,476	100,859
AR (% of TTM Sales)	1.0%	0.5%	0.9%
Total Accounts Receivable	53,900	34,476	100,859
Other Current Assets			
1202 · Undeposited Funds	31,831	9,748	311,679
Undeposited Funds (% of TTM Sales)	0.6%	0.1%	2.7%
1205 · Loans & Amounts Receivable	(73)	1,920	1,587
1300 · Inventory Asset	127,732	391,293	870,211
Inventory (% of TTM Sales)	2.4%	5.7%	7.5%
1400 · Prepaids	-	-	-
1700 · Investments	-	-	-
Total Other Current Assets	159,490	402,961	1,183,477
Total Current Assets	265,704	609,144	1,359,426
Fixed Assets			
1500 · Fixed Assets (Net)	222,038	278,223	63,759
Total Fixed Assets	222,038	278,223	63,759
Other Assets			
1600 · Other Assets	-	4,125	5,207
Total Other Assets	-	4,125	5,207
TOTAL ASSETS	487,742	891,491	1,428,392
LIABILITIES & EQUITY			

Liabilities**Current Liabilities****Accounts Payable**

2000 · Accounts Payable

AP (% of TTM Sales)

Total Accounts Payable

Other Current Liabilities

2005 · Credit Cards Payable

2100 · Payroll & Tax Liabilities

2200 · Sales Tax Payable

2350 · Unearned Revenue

2410 · Loan From Shareholder

2300 · Security Deposits

Total Other Current Liabilities

Total Current Liabilities**Long Term Liabilities**

2500 · Real Estate Loans

Total Long Term Liabilities**Total Liabilities****Equity**

Shareholder Equity

Retained Earnings

Net Income

Total Equity**TOTAL LIABILITIES & EQUITY**

54,535	97,101	376,523
1.0%	1.4%	3.3%
54,535	97,101	376,523
38,958	6,091	2,593
1,634	2,564	10,948
126	568	558
-	-	-
1,590	24,283	31,033
695		-
42,308	34,201	45,132
96,843	131,302	421,656
187,625	186,633	-
187,625	186,633	-
187,625	186,633	-
284,468	317,935	421,656
167,229	257,303	329,258
(92,958)	112,261	220,067
129,002	203,992	457,411
203,273	573,557	1,006,736
487,742	891,491	1,428,392

2012		2013			2014		
Dec 31, 2012	Mar 31, 2013	Jun 30, 2013	Sep 30, 2013	Dec 31, 2013	Mar 31, 2014	Jun 30, 2014	
61,751	128,150	207,429	70,286	98,861	130,627	176,157	
0.7%	1.0%	1.8%	0.5%	0.6%	0.7%	0.8%	
61,751	128,150	207,429	70,286	143,503	244,357	352,430	
170,479	169,634	163,437	246,205	467,023	541,962	641,891	
1.9%	2.0%	2.5%	2.7%	2.7%	2.8%	2.8%	
170,479	169,634	163,437	246,205	467,023	541,962	641,891	
99,082	39,101	62,517	105,101	151,492	168,411	187,240	
2.0%	2.2%	2.2%	2.2%	2.2%	2.1%	2.1%	
29,818	15,518	27,025	30,025	30,025	30,025	30,025	
524,044	472,565	307,935	320,772	405,837	452,307	514,489	
5.8%	5.8%	2.6%	2.5%	2.4%	2.3%	2.2%	
6,000	(317)	1,545	4,540	4,540	4,540	4,540	
31,038	31,038	31,038	31,038	31,038	31,038	31,038	
689,982	557,905	430,059	491,476	622,933	686,321	767,331	
922,212	855,689	800,925	807,968	1,233,459	1,472,640	1,761,653	
359	7,209	11,211	11,211	11,211	11,211	11,211	
359	7,209	11,211	11,211	11,211	11,211	11,211	
36,991	36,991	36,994	50,139	50,139	50,139	50,139	
36,991	36,991	36,994	50,139	50,139	50,139	50,139	
959,562	899,889	849,130	869,318	1,294,809	1,533,990	1,823,003	

134,718	75,259	100,699	89,841	371,971	448,754	552,546
1.5%	1.6%	1.8%	2.0%	2.2%	2.3%	2.4%
134,718	75,259	100,699	89,841	371,971	448,754	552,546
-	-	-	-	-	-	-
9,223	12,070	6,381	2,063	2,167	2,275	2,389
1,147	469	1,065	664	698	732	769
1,050	150	150	150	150	150	150
129,110	113,736	78,405	50,401	50,401	50,401	50,401
-	-	-	-	-	-	-
140,530	126,425	86,000	53,279	53,416	53,559	53,709
275,248	201,684	186,699	143,121	425,387	502,313	606,255
-	-	-	-	-	-	-
-	-	-	-	-	-	-
275,248	201,684	186,699	143,121	425,387	502,313	606,255
587,466	587,466	587,466	587,466	587,466	587,466	587,466
361,675	96,848	96,848	96,848	136,414	281,956	444,212
(264,828)	13,891	(23,914)	39,566	145,542	162,256	185,070
684,314	698,205	662,430	726,197	869,422	1,031,678	1,216,748
959,562	899,889	849,130	869,318	1,294,809	1,533,990	1,823,003

2014		2015		2015		
Sep 30, 2014	Dec 31, 2014	Mar 31, 2015	Jun 30, 2015	Sep 30, 2015	Dec 31, 2015	Mar 31, 2016
232,367	308,758	388,833	487,553	616,537	790,254	989,017
0.9%	1.0%	1.2%	1.3%	1.5%	1.8%	2.0%
524,227	893,955	1,163,647	1,473,540	1,884,523	2,554,732	3,131,259
743,633	867,813	969,336	1,078,039	1,209,135	1,374,626	1,510,932
2.8%	2.8%	2.9%	3.0%	3.0%	3.1%	3.1%
743,633	867,813	969,336	1,078,039	1,209,135	1,374,626	1,510,932
208,244	235,934	252,630	269,581	288,482	315,329	324,371
2.0%	2.0%	1.9%	1.9%	1.9%	1.8%	1.8%
30,025	30,025	30,025	30,025	30,025	30,025	30,025
572,431	641,566	667,441	691,347	722,204	764,704	790,598
2.2%	2.1%	2.0%	1.9%	1.8%	1.7%	1.6%
4,540	4,540	4,540	4,540	4,540	4,540	4,540
31,038	31,038	31,038	31,038	31,038	31,038	31,038
846,278	943,102	985,673	1,026,531	1,076,289	1,145,636	1,180,572
2,114,137	2,704,871	3,118,656	3,578,110	4,169,947	5,074,994	5,822,763
11,211	11,211	11,211	11,211	11,211	11,211	11,211
11,211	11,211	11,211	11,211	11,211	11,211	11,211
50,139	50,139	50,139	50,139	50,139	50,139	50,139
50,139	50,139	50,139	50,139	50,139	50,139	50,139
2,175,487	2,766,221	3,180,006	3,639,460	4,231,297	5,136,344	5,884,113

665,478	807,364	910,655	1,022,708	1,158,320	1,329,768	1,490,569
2.5%	2.6%	2.7%	2.8%	2.9%	3.0%	3.1%
665,478	807,364	910,655	1,022,708	1,158,320	1,329,768	1,490,569
-	-	-	-	-	-	-
2,508	2,634	2,765	2,904	3,049	3,201	3,361
808	848	890	935	982	1,031	1,082
150	150	150	150	150	150	150
50,401	50,401	50,401	50,401	50,401	50,401	50,401
-	-	-	-	-	-	-
53,867	54,033	54,207	54,390	54,582	54,783	54,995
719,345	861,397	964,862	1,077,097	1,212,902	1,384,551	1,545,563
-	-	-	-	-	-	-
-	-	-	-	-	-	-
719,345	861,397	964,862	1,077,097	1,212,902	1,384,551	1,545,563
587,466	587,466	587,466	587,466	587,466	587,466	587,466
629,282	868,677	1,317,359	1,627,677	1,974,897	2,430,929	3,164,328
239,395	448,682	310,319	347,220	456,032	733,399	586,756
1,456,143	1,904,825	2,215,143	2,562,363	3,018,395	3,751,793	4,338,550
2,175,487	2,766,221	3,180,006	3,639,460	4,231,297	5,136,344	5,884,113

2016

2016

Jun 30, 2016

Sep 30, 2016

Dec 31, 2016

1,235,235	1,545,107	1,974,824
2.3%	2.7%	3.1%
3,765,523	4,557,572	5,762,837
1,657,350	1,820,736	2,043,809
3.1%	3.2%	3.2%
1,657,350	1,820,736	2,043,809
334,585	346,873	365,808
1.8%	1.7%	1.7%
30,025	30,025	30,025
815,694	842,873	889,934
1.5%	1.5%	1.4%
4,540	4,540	4,540
31,038	31,038	31,038
1,215,883	1,255,349	1,321,345
6,638,755	7,633,656	9,127,991
11,211	11,211	11,211
11,211	11,211	11,211
50,139	50,139	50,139
50,139	50,139	50,139
6,700,105	7,695,006	9,189,341

1,667,390	1,868,037	2,138,429
3.2%	3.2%	3.3%
1,667,390	1,868,037	2,138,429
-	-	-
3,529	3,706	3,891
1,136	1,193	1,253
150	150	150
50,401	50,401	50,401
-	-	-
55,217	55,450	55,695
1,722,607	1,923,487	2,194,124
-	-	-
-	-	-
1,722,607	1,923,487	2,194,124
587,466	587,466	587,466
3,751,084	4,390,033	5,184,053
638,949	794,020	1,223,699
4,977,499	5,771,519	6,995,217
6,700,105	7,695,006	9,189,341

Appendix A

Income Statement 2013-2015

	2007	2008	2009	2010	Q1
	TOTAL	TOTAL	TOTAL	TOTAL	
REVENUE					
Total Wholesale Revenue					685,323
Total Retail Revenue					879,447
Total Revenue	\$ 1,380,578	\$ 2,545,536	\$ 5,419,873	\$ 6,824,819	\$ 1,564,770
COST OF GOODS SOLD					
Total Cost of Goods Sold	1,267,284	2,271,433	5,053,395	6,075,576	1,437,855
GROSS PROFIT					
Total Wholesale Gross Profit					53,203
Total Retail Gross Profit					73,711
Total Gross Profit	\$ 113,294	\$ 274,103	\$ 366,478	\$ 749,243	\$ 126,915
MARKETING EXPENSE					
Marketing and Promotions	6,005	25,706	50,532	19,906	8,338
Total Marketing Expense	6,005	25,706	50,532	19,906	8,338
GENERAL & ADMIN EXPENSE					
Salaries and Wages				67,516	47,314
Facilities Expense				26,158	11,411
Other G&A				249,207	37,921
Total General & Admin Expenses	51,897	95,322	151,633	316,723	85,235
TOTAL EXPENSE	57,902	121,028	202,165	336,629	93,573
EBIT					
Income Taxes (30%)	\$ 55,392	\$ 153,075	\$ 164,313	\$ 412,614	\$ 33,341
NET INCOME					

Appendix A

Income Statement 2013-2015

2012			2013			2013E		
TOTAL	%	Q1	Q2	Q3	Q4	TOTAL	%	Q1
4,032,527	44%	2,256,042	1,614,412	2,418,137	3,810,752	10,099,343	59%	3,863,176
5,048,593	56%	1,258,009	1,442,336	1,741,450	2,584,755	7,026,550	41%	2,202,150
9,081,120	100%	\$ 3,514,051	\$ 3,056,748	\$ 4,159,587	\$ 6,395,508	\$ 17,125,894	100%	\$ 6,065,326
8,437,253	93%	3,279,237	2,907,875	3,887,176	5,969,557	16,043,845	94%	5,598,895
Margin								
277,594	7%	167,336	92,155	122,841	243,888	626,220	6%	286,955
353,184	7%	77,220	94,919	181,010	228,730	581,879	8%	219,235
643,866	7%	234,813	148,873	272,410	425,951	1,082,048	6%	466,431
132,801	1.5%	18,670	23,918	17,796	55,101	115,485	0.7%	55,921
132,801	1%	18,670	23,918	17,796	55,101	115,485	1%	55,921
503,283	5.5%	110,616	122,144	114,998	152,434	500,192	2.9%	170,540
69,999	0.8%	32,703	25,113	25,661	26,775	110,252	0.6%	26,976
181,849	2.0%	57,936	79,042	42,007	46,099	225,083	1.3%	50,739
755,131	8%	201,255	226,299	182,666	225,308	835,527	5%	248,255
887,931	10%	219,924	250,217	200,462	280,409	951,013	6%	304,175
(244,065)	-3%	\$ 14,889	\$ (101,344)	\$ 71,948	\$ 145,542	\$ 131,036	1%	\$ 162,256
-	0%	4,167	-	19,044	43,663	55,532	0%	48,677
(26,240)	0%	\$ 10,722	\$ (101,344)	\$ 52,904	\$ 101,880	\$ 64,162	0%	\$ 113,579

Appendix A

Income Statement 2013-2015

2014E				2014E				2015E			
Q2	Q3	Q4	TOTAL	%	Q1	Q2	Q3	Q4			
3,939,816	4,591,204	6,322,940	18,717,136	61%	5,672,127	5,812,962	6,930,627	9,145,158			
2,514,333	2,961,081	4,186,583	11,864,148	39%	3,301,002	3,666,442	4,258,976	5,964,794			
6,454,150	\$ 7,552,285	\$ 10,509,524	\$ 30,581,284	100%	\$ 8,973,129	\$ 9,479,403	\$ 11,189,603	\$ 15,109,952			
5,952,356	6,962,770	9,696,006	28,210,027	92%	8,261,968	8,723,399	10,301,512	13,926,837			
292,761	341,116	470,515	1,391,348	7%	422,682	433,472	517,674	682,150			
254,427	301,860	418,589	1,194,111	10%	348,077	388,728	447,310	608,657			
501,793	589,515	813,518	2,371,257	8%	711,161	756,005	888,090	1,183,115			
59,331	62,973	66,865	245,091	0.8%	71,026	75,477	80,240	85,340			
59,331	62,973	66,865	245,091	1%	71,026	75,477	80,240	85,340			
180,886	209,045	213,037	773,507	2.5%	246,222	250,748	267,061	271,973			
27,178	27,382	27,587	109,123	0.4%	27,794	28,003	28,213	28,424			
49,328	50,720	57,347	208,133	0.7%	55,800	54,557	56,545	63,979			
257,392	287,147	297,971	1,090,764	4%	329,816	333,308	351,819	364,376			
316,723	350,120	364,836	1,335,855	4%	400,842	408,785	432,059	449,716			
185,070	\$ 239,395	\$ 448,682	\$ 1,035,402	3%	\$ 310,319	\$ 347,220	\$ 456,032	\$ 733,399			
55,521	71,819	134,605	310,621	1%	93,096	104,166	136,810	220,020			
\$ 129,549	\$ 167,577	\$ 314,077	\$ 724,782	2%	\$ 217,223	\$ 243,054	\$ 319,222	\$ 513,379			

Appendix A

Income Statement 2013-2015

2015E
TOTAL

27,560,873
17,191,215
44,752,088
41,213,717
2,055,978
1,792,772
3,538,371
312,084
312,084
1,036,004
112,434
230,880
1,379,318
1,691,402
1,846,969
554,091
1,292,878

9:49 AM

12/03/13

Accrual Basis

Negri Electronics Inc
Profit & Loss
November 2013

	<u>Nov 13</u>	<u>Jan - Nov 13</u>
Ordinary Income/Expense		
Income		
4000-00 · Sales	2,080,956.53	15,544,640.49
Total Income	2,080,956.53	15,544,640.49
Cost of Goods Sold		
5000-00 · Cost of Goods Sold	1,986,411.78	14,612,243.21
Total COGS	1,986,411.78	14,612,243.21
Gross Profit	94,544.75	932,397.28
Expense		
6000-00 · Advertising & Marketing	5,729.05	71,361.27
7000-00 · Salaries & Wages	60,234.16	446,901.15
7100-00 · Facility Expenses	8,569.12	99,954.69
7200-00 · IT & Communication	4,425.09	49,663.37
7300-00 · Vehicle Expense	1,979.73	25,685.46
7310-00 · Insurance Expense	670.51	12,387.50
7400-00 · Administrative Expenses	1,646.38	17,408.76
7500-00 · Repairs & Maintenance	0.00	4,826.93
7600-00 · Office Supplies & Expense	1,455.36	9,479.65
7700-00 · Professional Services	2,826.00	73,414.43
7800-00 · Travel, Ent., Meals	962.96	16,554.99
Total Expense	88,498.36	827,638.20
Net Ordinary Income	6,046.39	104,759.08
Other Income/Expense		
Other Income		
8000-00 · Other Income	0.00	65,272.96
Total Other Income	0.00	65,272.96
Other Expense		
8010-00 · Other Expenses	0.00	7,848.15
8020-00 · Taxes	0.00	4,008.45
Total Other Expense	0.00	11,856.60
Net Other Income	0.00	53,416.36
Net Income	<u>6,046.39</u>	<u>158,175.44</u>

EXHIBIT C



Negri Electronics, Inc.
6255 S. Sandhill Road, Suite 600
Las Vegas, Nevada 89120
Phone: (888) 358-6358
Fax: (815) 331-0932
www.negrielectronics.com

Please see the following information regarding pending and threatened litigation for Negri Electronics Inc. as of July 25, 2013.

1. 4D Global Partners (Pending-Plaintiff)

ENCLOSED: Customer Account Aging, Complaint (Filed June 2013)

SUMMARY: Necessary information enclosed.

2. ADT Security (Threatened-Defendant)

ENCLOSED: Account Statement

SUMMARY: We purchased ADT security in February of 2012. The alarm failed to notify authorities in a reasonable time period during burglaries in April and July of 2012. We subsequently canceled the service and stopped payment under the advisement of our attorney. ADT representatives have since told us we can expect to have our remaining balance waived due to our extraordinary circumstances.

3. ExoTablet (Resolved 2013)

ENCLOSED: Executed Agreement

SUMMARY: Necessary information enclosed.

4. SN Traders (Threatened-Plaintiff)

ENCLOSED: Customer Account Aging

SUMMARY: Wholesale customer with lengthy purchase history refused to pay for order fulfilled in 2012. We plan to file a small claims case in August 2013.

5. Traveler's Insurance (Threatened-Plaintiff)

ENCLOSED: GBRP Report #1, GBRP Report #2, Swarts Report

SUMMARY: Our insurance provider withheld payment of our loss from theft claim in 2012 because they disputed the amount without just cause. The provider has also disputed the amount of Lost Business Income. We hired an expert forensic accountant to analyze the case and still the insurance provider has only paid a fraction of the expert's estimated amount. Our attorney has recommended we pursue a bad faith claim against the insurance company for this case.

United States of America

United States Patent and Trademark Office

Negri Electronics

Reg. No. 4,285,138

Registered Feb. 5, 2013

Int. Cl.: 35

SERVICE MARK

PRINCIPAL REGISTER

NEGRI ELECTRONICS INC (NEVADA CORPORATION)
SUITE 600
6255 S. SANDHILL ROAD
LAS VEGAS, NV 89120

FOR: ON-LINE RETAIL STORE SERVICES FEATURING ELECTRONICS, IN CLASS 35 (U.S. CLS. 100, 101 AND 102).

FIRST USE 1-1-2003; IN COMMERCE 1-1-2003.

THE MARK CONSISTS OF STANDARD CHARACTERS WITHOUT CLAIM TO ANY PARTICULAR FONT, STYLE, SIZE, OR COLOR.

NO CLAIM IS MADE TO THE EXCLUSIVE RIGHT TO USE "ELECTRONICS", APART FROM THE MARK AS SHOWN.

SEC. 2(F).

SER. NO. 85-547,105, FILED 2-20-2012.

JANICE KIM, EXAMINING ATTORNEY



Lisa Stewart Lee
Acting Director of the United States Patent and Trademark Office

**REQUIREMENTS TO MAINTAIN YOUR FEDERAL
TRADEMARK REGISTRATION**

**WARNING: YOUR REGISTRATION WILL BE CANCELLED IF YOU DO NOT FILE THE
DOCUMENTS BELOW DURING THE SPECIFIED TIME PERIODS.**

Requirements in the First Ten Years*

What and When to File:

First Filing Deadline: You must file a Declaration of Use (or Excusable Nonuse) between the 5th and 6th years after the registration date. *See* 15 U.S.C. §§1058, 1141k. If the declaration is accepted, the registration will continue in force for the remainder of the ten-year period, calculated from the registration date, unless cancelled by an order of the Commissioner for Trademarks or a federal court.

Second Filing Deadline: You must file a Declaration of Use (or Excusable Nonuse) **and** an Application for Renewal between the 9th and 10th years after the registration date.*
See 15 U.S.C. §1059.

Requirements in Successive Ten-Year Periods*

What and When to File:

You must file a Declaration of Use (or Excusable Nonuse) **and** an Application for Renewal between every 9th and 10th-year period, calculated from the registration date.*

Grace Period Filings*

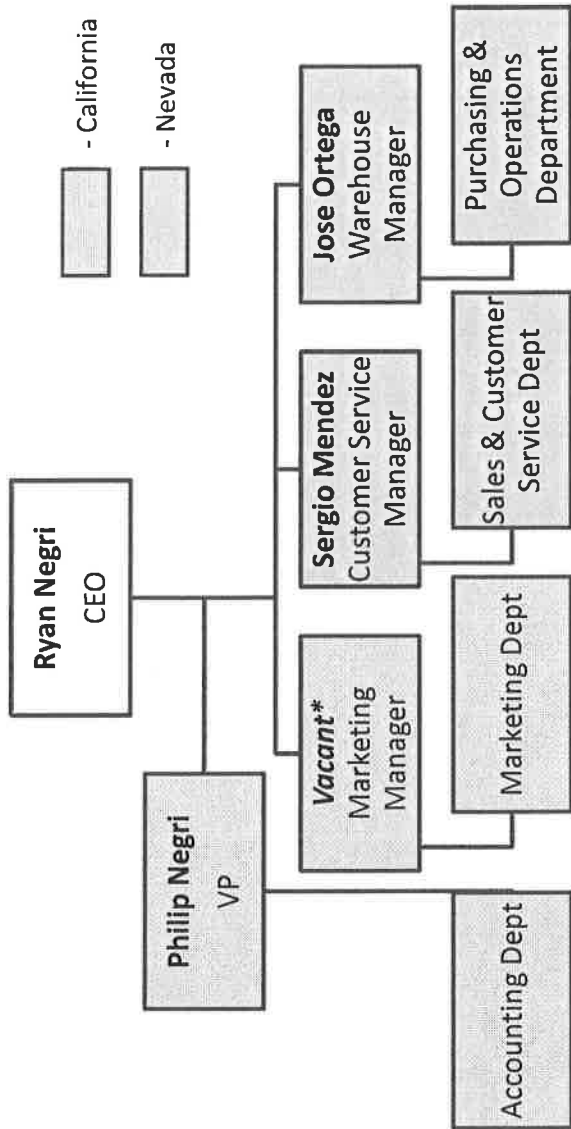
The above documents will be accepted as timely if filed within six months after the deadlines listed above with the payment of an additional fee.

The United States Patent and Trademark Office (USPTO) will NOT send you any future notice or reminder of these filing requirements.

***ATTENTION MADRID PROTOCOL REGISTRANTS:** The holder of an international registration with an extension of protection to the United States under the Madrid Protocol must timely file the Declarations of Use (or Excusable Nonuse) referenced above directly with the USPTO. The time periods for filing are based on the U.S. registration date (not the international registration date). The deadlines and grace periods for the Declarations of Use (or Excusable Nonuse) are identical to those for nationally issued registrations. *See* 15 U.S.C. §§1058, 1141k. However, owners of international registrations do not file renewal applications at the USPTO. Instead, the holder must file a renewal of the underlying international registration at the International Bureau of the World Intellectual Property Organization, under Article 7 of the Madrid Protocol, before the expiration of each ten-year term of protection, calculated from the date of the international registration. *See* 15 U.S.C. §1141j. For more information and renewal forms for the international registration, see <http://www.wipo.int/madrid/en/>.

NOTE: Fees and requirements for maintaining registrations are subject to change. Please check the USPTO website for further information. With the exception of renewal applications for registered extensions of protection, you can file the registration maintenance documents referenced above online at <http://www.uspto.gov>.

Organization Chart



Our Mission

We are committed to offering an extensive selection of the best high-end unlocked wireless devices, accessories, and digital photography equipment, at the most affordable prices possible, to technology lovers around the world.

We are focused on providing the best experience for our customers before, during, and after each sale, and we continuously strive to exceed expectations every step along the way.

We are dedicated to our environment, our customers, our partners, our team members, and our brand, which means we treat everyone with respect, and we hope to earn the same in return.

We are passionate about the growth of our business through opportunities that meet the needs of our customers, improve the quality of life for our team members, and further the capabilities and reach of our brand.

We are honest, and we strive for the highest levels of integrity and class based on a personalized approach and a promise to be sincere and professional in all we do.



EXHIBIT D

Fwd: Re: Growth %

December 24, 2013 at 11:55 AM

From Todd Sherman

To Mike Friedmam

----- Forwarded message -----

From: "Ryan Negri" <ryan@negrielectronics.com>

Date: Dec 23, 2013 3:28 PM

Subject: Re: Growth %

To: "Todd Sherman" <toddfsherman04@gmail.com>

Cc:

Great. Lets present him with that and get that completed too.

Thank You,

Ryan J. Negri | Founder & CEO

130 McCormick Avenue | Suite 101 | Costa Mesa, CA 92626

6255 S. Sandhill Road Suite 600 | Las Vegas, NV 89120

888-358-6358 ext 121 | fax 815-331-0932 | direct 714-699-4768

Negri21- AOL | Airnegri@hotmail.com - MSN | Airnegs21 - Yahoo

NegriElectronics1 - Skype | BBPIN: 2AD23CC0

ryan@negrielectronics.com | <https://negrielectronics.com/>

@RyanNegri <<https://twitter.com/#!/ryannegri>> | Google+

<<https://plus.google.com/103340189158312122052/posts>> |

LinkedIn <<http://www.linkedin.com/profile/view?id=16206564>> |

@NegriElectronic <<https://twitter.com/#!/NegriElectronic>>

On Mon, Dec 23, 2013 at 12:26 PM, Todd Sherman <toddfsherman04@gmail.com> wrote:

So roughly 3.42% monthly or 10.25% quarterly for current customers. If they exceed that growth you get 2.5% of sales. I'm sure they will be fine with that.

On Dec 23, 2013 3:20 PM, "Ryan Negri" <ryan@negrielectronics.com> wrote:

The 3 year annual average growth % came to 61% (2010, 2011, 2013), but the 4 year was 41%. We would need to do the entire 4 years since the jump from 12-13 is 83%. If we use a 0% increase from 12-13 it would be 49%.

We used these numbers from the tax returns.

We want to make sure it's a monthly growth % for existing customers in the contact so we they aren't just paying out a commission at years end.

Let me know what else you need on this. I can put together a document that shows all of this of course. Just don't have time to "pretty it up" right now.

Thank You,

Ryan J. Negri | Founder & CEO

130 McCormick Avenue | Suite 101 | Costa Mesa, CA 92626

6255 S. Sandhill Road Suite 600 | Las Vegas, NV 89120

888-358-6358 ext 121 | fax 815-331-0932 | direct 714-699-4768

Negri21- AOL | Airnegri@hotmail.com - MSN | Airnegs21 - Yahoo

NegriElectronics1 - Skype | BBPIN: 2AD23CC0

ryan@negrielectronics.com | <https://negrielectronics.com/>

@RyanNegri <<https://twitter.com/#!/ryannegri>> | Google+

<<https://plus.google.com/103340189158312122052/posts>>|

LinkedIn <<http://www.linkedin.com/profile/view?id=16206564>> |

@NegriElectronic <<https://twitter.com/#!/NegriElectronic>>

FW: Re: Updated Financials as of Oct 2014 - incl Q4 2013 - 2016 Forecast

October 27, 2013 at 7:48 AM

From Todd Sherman

To "mjfny@me.com"

📎 NEGRI ELEC...C_Oct 2013.xlsx 437.18 KB, 📎 Report_MTD P&L_Oct 24.xlsx 13.3 KB

think this is the new revised

From: Todd Sherman [toddfsherman04@gmail.com]

Sent: Sunday, October 27, 2013 11:47 AM

To: Todd Sherman

Subject: Fwd: Re: Updated Financials as of Oct 2014 - incl Q4 2013 - 2016 Forecast

----- Forwarded message -----

From: "Philip J. Negri | Negri Electronics, Inc." <philip@negrielectronics.com>

Date: Oct 24, 2013 1:52 PM

Subject: Re: Updated Financials as of Oct 2014 - incl Q4 2013 - 2016 Forecast

To: "Todd Sherman" <toddfsherman04@gmail.com>

Cc: "Ryan" <ryan@negrielectronics.com>

Hi Todd

Please see the attached file. I did find a small mistake that gets us back up around \$200K for EBIT in Q4 of this year. That's more accurate. Please use this revised copy.

Also, I'd like to emphasize what's shown for 2014. By maintaining the current trend we'll generate \$1M+ next year. Margins are slim, but its easy to see how greater purchasing power would lead to better inventory management and larger deal sizes, improving gross margins. That's included in the forecast as it results from organic growth. And of course as gross profit grows, indirect costs level out or creep up incrementally (salaries, facilities, etc). I have no doubt they would actually be reduced depending on the buyer (e.g. if they want to close the office in CA, or combine with existing functional departments).

My forecast is built from an operational standpoint. These are targets that we intend to hit (like we did in Q3). It does not assume access to any additional working capital. If that were the case, the projected growth to revenues and margins would just happen faster.

To someone pushing back on valuation, I would think that the price keeps going up every time we meet our projections. Is that right?

I also attached MTD P&L summary to show that we are on pace, and margins are up.

Let me know if you'd like to go over any of this. Thanks for your time.

Thank You,

Phil Negri | VP

130 McCormick Avenue | Suite 101 | Costa Mesa, CA 92626

6255 S. Sandhill Road | Suite 600 | Las Vegas, NV 89120

888-358-6358 ext 133 | fax 815-331-0932

philip@negrielectronics.com | <https://negrielectronics.com/>

@PhilNegri | Google+ | Facebook | LinkedIn | @NegriElectronic

On Mon, Oct 14, 2013 at 6:00 PM, Philip J. Negri | Negri Electronics, Inc. <philip@negrielectronics.com> wrote:

Hi Todd

Please see the attached excel file with updated financials and projections.

Material changes from the last version (Jul 2013) include:

Greater emphasis on growing 'offline wholesale' channel based on Q3 developments

Deferred investment into White-Label program as wholesale revenue source

Various adjustments to talent acquisition strategy and schedule

I'd be happy to go over any part of this anytime tomorrow before or during your scheduled time with Mike if you think its appropriate.

Thank You,

Phil Negri | VP

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@PhilNegri | Google+ | Facebook | LinkedIn | @NegriElectronic



NEGRI ELEC...C_Oct 2013

437.18 KB

[Download](#)[Open in Numbers](#)



Report_MTD P&L_Oct 24

13.3 KB

[Download](#)[Open in Numbers](#)

FW: Updated Financials as of Oct 2014 - incl Q4 2013 - 2016 Forecast

October 16, 2013 at 9:06 AM

From Todd Sherman

To "mjfny@me.com"

 NEGRI ELEC...C_Oct 2013.xlsx 436.83 KB

From: Philip J. Negri | Negri Electronics, Inc. [mailto:philip@negrielectronics.com]

Sent: Monday, October 14, 2013 9:01 PM

To: Todd Sherman

Cc: Ryan

Subject: Updated Financials as of Oct 2014 - incl Q4 2013 - 2016 Forecast

Hi Todd

Please see the attached excel file with updated financials and projections.

Material changes from the last version (Jul 2013) include:

- Greater emphasis on growing 'offline wholesale' channel based on Q3 developments
- Deferred investment into White-Label program as wholesale revenue source
- Various adjustments to talent acquisition strategy and schedule

I'd be happy to go over any part of this anytime tomorrow before or during your scheduled time with Mike if you think its appropriate.

Thank You,

Phil Negri | VP

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6255 S. Sandhill Road | Suite 600 | Las Vegas, NV 89120

888-358-6358 ext 133 | fax 815-331-0932

philip@negrielectronics.com | <https://negrielectronics.com/>

@PhilNegri | Google+ | Facebook | LinkedIn | @NegriElectronic



NEGRI ELEC...C_Oct 2013

436.83 KB

[Download](#)[Open in Numbers](#)

EXHIBIT E

Due Diligence

1. Complete financials from 2010 to 2013
2. Financial projections for 2014 and 2015
3. Organization Chart
4. Payroll Details
5. List of all company bank accounts
 - a. List of all signatories on each bank account
6. Copy of benefits program – medical, life, etc.
7. Human resources program material
8. Company saving plan material
 - a. Sales incentive plans
9. Employee contracts or letters of employment
10. Employee bonus plans for 2013 and 2014
 - a. Committed bonuses for 2013
11. Employee salary plans for 2014 – have pay raises been promised already?
12. Cash flow analysis for 2012 and 2013
13. Projected cash flow analysis for 2014
14. Accounts receivables for balance of 2013.
15. Accounts payable for balance of 2013 and projected for first Half 2014
- 16. SUPPLIER CONTRACTS**
- 17. VISIT WAREHOUSE – DETERMINE BEST USE OF SPACE**

First 90 Days

Week 1 to 2:

1. Establish new headquarters
2. Inspect main facility
3. List of all properties owned or leased by Negri
4. Hold a townhall
5. Review organization – determine positions currently filled and positions not filled but should be filled
 - a. Identify keepers
 - b. Identify new positions to be filled
6. Payroll analysis – who is on our payroll?
7. Change signature authority in company to First Ascent – WEEK ONE, DAY ONE
8. Bank account status
 - a. Change signatory of all corporate bank accounts – WEEK ONE, DAY ONE
9. Review leases and contracts – cancel ones we do not want.

- a. Have all remaining leases and contracts assigned to new company. Contact all lessors and contract parties and inform them of reassignment.
- 10. Change Negri database access. Block out the Negri Family – **WEEK ONE, DAY ONE**
- 11. Cash flow analysis
- 12. Negri's current benefits program – analyze. Cost?
- 13. Review payables and receivables.
 - a. Do we need to stretch payments?
- 14. Review the company's sales and marketing strategy
- 15. Determine sales incentive plans currently in force
- 16. Analyze staffing requirements – Rick Landry; when do we bring him on board
- 17. Review company budget
 - a. Make
- 18. Develop MVNO plan for First Ascent
- 19. **SET UP CHANNEL PARTNERSHIPS – RICK LANDRY**
- 20. **SET UP EMAIL FOR NEW MANAGEMENT.**
- 21. **CHANGE GOOGLE ANALYTICS PASSWORDS, AND ALL OTHER PASSWORDS.**
- 22. **WHO IS THE IT PERSON/COMPANY? NEED TO ANALYZE PERFORMANCE & REVIEW.**
- 23. **DETERMINE & ANALYZE ADDITIONAL SOURCES OF IMMEDIATE AND/OR SHORT TERM REVENUE – I.E. WARRANTY PROGRAMS, ETC.**

Week 3 – 4:

- 1. Review the company's sales and marketing strategy.
 - a. Meet with all sales and marketing personnel
 - b. What are their quotas?
- 2. Determine if we can change the company's sales and marketing strategy and quotas.
 - a. Increase quotas for second half of year
 - b. Add 12 additional customers for 2014
 - c. Change sales incentive plans
- 3. Finalize 2014 business plan
- 4. Set 2014 budget
- 5. Set a target for cost reductions: tentative target is \$1M in 2014.
- 6. Set 2014 revenue target
- 7. Determine if we can repurpose any of the warehouse space
- 8. Start developing a business plan for company the evolves company into a MVNO
 - a. Review MVNO marketplace
- 9. Complete meeting/calling with all existing customers and partners - introductions
- 10. End of month cash flow review
- 11. End of month townhall

Month 2:

1. Continue tracking expenses
2. Cut expenses
3. Track Cash flow
4. Add new customers & **CHANNEL PARTNERS**
5. Implement growth strategy of company
6. Develop MVNO strategy

Month 3

1. Continue to Implement strategy
2. Continue cutting expenses and tracking spend
3. Continue adding customers

BUSINESS PLAN

NEGRI ELECTRONICS, INC.

February 2014

Negri Electronics, Inc. Business Plan is confidential and contains proprietary information. Neither the Plan nor any of the information contained in the Plan may be reproduced or disclosed to any person under any circumstances without the express written permission of Negri Electronics, Inc.

**THIS INFORMATION IS CONFIDENTIAL AND PER SEC REGULATION CAN NOT BE
DUPLICATED OR DISSEMINATED**

FORWARD-LOOKING STATEMENTS

Unless stated otherwise or the context otherwise requires, the words “we,” “us,” “our,” or the “Company” refers to Negri Electronics, Inc., a Delaware corporation (the “Parent Company” or “Negri Electronics”), and its subsidiaries. The information in this business plan contains “forward-looking statements” relating to the Company, within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), which are subject to the “safe harbor” created by those sections. These “forward looking statements” represent the Company’s current expectations or beliefs including, but not limited to, statements concerning the Company’s operations, performance, financial condition and growth. For this purpose, any statements contained in this business plan that are not statements of historical fact are forward-looking statements. Without limiting the generality of the foregoing, words such as “anticipates,” “believes,” “estimates,” “expects,” “intends,” “may,” “plans,” “projects,” “will,” “would” or the negative or other comparable terminology are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These statements by their nature involve substantial risks and uncertainties, such as the affect of general economic and business conditions, our ability to implement our business and acquisition strategy, our ability to effectively integrate our acquisitions, competition, availability of key personnel, changes in, or the failure to comply with government regulations, and other risks detailed from time-to-time in the Company’s reports filed with the Securities and Exchange Commission, including the Company’s Annual Report on Form 10-K for the fiscal year ended October 31, 2010, certain of which are beyond the Company’s control. Should one or more of these risks or uncertainties materialize or should the underlying assumptions prove incorrect, actual outcomes and results could differ materially from those indicated in the forward-looking statements.

Any forward-looking statement speaks only as of the date on which such statement is made, and the Company undertakes no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time and it is not possible for management to predict all of such factors, nor can it assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

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NEGRI ELECTRONICS MISSION STATEMENT

Negri Electronics, Inc. is a subsidiary of First Ascent, LLC, a New York-based private equity company focused on acquiring and growing telecom, information technology, media, and data management companies.

Executive Summary

Negri Electronics, Inc. is a 7-year old operating and profitable company that is a growing source for high-end, unlocked wireless devices to retail and wholesale customers. The company has partnerships with multiple wireless providers and equipment manufacturers. Negri Electronics is based out of Las Vegas, Nevada.

Company Story: Negri Electronics

Negri Electronics began in June of 2006 in a small space in Northern Wisconsin selling unlocked wireless devices through a variety of third-party retail channels. The small business continued to fulfill demand and soon saw an opportunity to expand. Negri Electronics expanded its team to eleven members before moving from Wisconsin in 2010. Negri Electronics relocated its operation to a newly rented warehouse in Las Vegas, Nevada to take advantage of the lower costs of operating a business and to make a positive impact in the Las Vegas community.

Today, Negri Electronics is a privately held corporation headquartered in a nearly 6,000 square foot facility in Las Vegas, Nevada with an office in Southern California that houses administrative, finance, and marketing functions. The business offers nearly 5,000 products through a redesigned website and ships to over 190 different countries around the world.

Negri Electronics has fulfilled over 40,000 orders since inception and currently employs 14 professionals across functions that include finance, marketing, web development, operations and customer service. The company is on track to generate over \$17M in revenue and earn a net profit of \$188,000 in 2013. The website has over 100,000 unique monthly visitors.

THE MARKET

WHAT IS AN UNLOCKED MOBILE DEVICE?

An unlocked mobile is a mobile phone that will use any SIM, Subscriber Identity Module, card. The SIM card is a small memory chip that can be removed from a cell phone and placed in another cell phone. This allows the cell phone subscriber to switch to a new phone without dealing with activation and data transfer hassles. Just putting the SIM card in the new phone allows the cell phone service subscriber to have her saved information, phone number, message data, phone book, and more on the new phone.

Some cell phone manufacturers lock their phones. This means they've programmed the phones to work only with the SIM cards of certain cell phone service providers. This can prove rather inconvenient for the cell phone user if she ever wants to use her cell phone with a different service provider or buy a phone that isn't usually supported by her cell phone service provider. When you have an unlocked mobile phone, you basically have the freedom to use it with any cell phone network you please.

With an unlocked mobile phone, you can take advantage of promotional cell phone deals that might otherwise be out of your reach. If a particular network is offering free SIM cards with free calls or text messaging attached, you don't have to miss the opportunity to obtain and use one. You can even take your business elsewhere if you are unhappy with the rates or level of service.